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 June 30, 2024
or

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

For the transition period from __________ to __________
Commission File Number 001-39472

CNB FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1450605**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 South Second Street
P.O. Box 42
Clearfield, Pennsylvania 16830
(Address of principal executive offices)
Registrant’s telephone number, including area code, (814) 765-9621

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

Title of Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	CCNE	The NASDAQ Stock Market LLC
Depositary Shares (each representing a 1/40th interest in a share of 7.125% Series A Non-Cumulative, perpetual preferred stock)	CCNEP	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

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

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

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

The number of shares outstanding of the issuer’s common stock as of August 6, 2024:

COMMON STOCK, NO PAR VALUE PER SHARE: 20,997,766 SHARES

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Forward-Looking Statements and Factors that Could Affect Future Results

The information below includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, liquidity, results of operations, future performance and business of CNB Financial Corporation (the "Corporation"). These forward-looking statements are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not historical facts. Forward-looking statements include statements with respect to beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors (some of which are beyond the Corporation’s control). Forward-looking statements often include the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potentially," "probably," "projects," "outlook" or similar expressions or future conditional verbs such as "may," "will," "should," "would" and "could." The Corporation’s actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance.

Factors that could cause the actual results to differ materially from the statements, include, but are not limited to, (i) adverse changes or conditions in capital and financial markets, including actual or potential stresses in the banking industry; (ii) changes in the interest rate environment; (iii) the credit risks of lending activities, including our ability to estimate credit losses and the allowance for credit losses, as well as the effects of changes in the level of, and trends in, loan delinquencies and write-offs; (iv) effectiveness of our data security controls in the face of cyber attacks and any reputational risks following a cybersecurity incident; (v) changes in general business, industry or economic conditions or competition; (vi) changes in any applicable law, rule, regulation, policy, guideline or practice governing or affecting financial holding companies and their subsidiaries or with respect to tax or accounting principles or otherwise; (vii) higher than expected costs or other difficulties related to integration of combined or merged businesses; (viii) the effects of business combinations and other acquisition transactions, including the inability to realize our loan and investment portfolios; (ix) changes in the quality or composition of our loan and investment portfolios; (x) adequacy of loan loss reserves; (xi) increased competition; (xii) loss of certain key officers; (xiii) deposit attrition; (xiv) rapidly changing technology; (xv) unanticipated regulatory or judicial proceedings and liabilities and other costs; (xvi) changes in the cost of funds, demand for loan products or demand for financial services; and (xvii) other economic, competitive, governmental or technological factors affecting our operations, markets, products, services and prices. Such developments could have an adverse impact on the Corporation's financial position and results of operations.

The forward-looking statements contained herein are based upon management’s beliefs and assumptions. Any forward-looking statement made herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements included in this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise, except to the extent required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur and you should not put undue reliance on any forward-looking statements.

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Part I Financial Information

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS
Dollars in thousands, except share data

	(unaudited) June 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents due from banks	$ 56,031	$ 54,789
Interest-bearing deposits with Federal Reserve	271,943	164,385
Interest-bearing deposits with other financial institutions	3,171	2,872
Total cash and cash equivalents	331,145	222,046
Debt securities available-for-sale, at fair value (amortized cost of $ 415,744 and $395,803, respectively)	359,900	341,955
Debt securities held-to-maturity, at amortized cost (fair value of $ 326,322 and $360,570, respectively)	354,569	388,968
Equity securities	9,654	9,301
Loans held for sale	642	675
Loans receivable		
Syndicated loans	53,938	108,710
Loans	4,425,754	4,359,766
Total loans receivable	4,479,692	4,468,476
Less: allowance for credit losses	(45,532)	(45,832)
Net loans receivable	4,434,160	4,422,644
FHLB and other restricted stock holdings and investments	39,415	30,011
Premises and equipment, net	79,417	73,700
Operating lease right-of-use assets	35,066	35,699
Bank owned life insurance	116,019	114,468
Mortgage servicing rights	1,449	1,554
Goodwill and other intangibles	43,874	43,874
Core deposit intangible, net	241	280
Accrued interest receivable and other assets	81,020	67,782
Total Assets	$ 5,886,571	$ 5,752,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest-bearing demand deposits	$ 762,918	$ 728,881
Interest-bearing demand deposits	693,074	803,093
Savings	3,140,505	2,960,282
Certificates of deposit	514,348	506,494
Total deposits	5,110,845	4,998,750
Subordinated debentures	20,620	20,620
Subordinated notes, net of unamortized issuance costs	84,419	84,267
Operating lease liabilities	37,194	37,650
Accrued interest payable and other liabilities	46,793	40,423
Total liabilities	5,299,871	5,181,710
Commitments and contingent liabilities		
Preferred stock, Series A non-cumulative perpetual, $0 par value; $ 1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at June 30, 2024 and December 31, 2023	57,785	57,785
Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 at June 30, 2024 and 21,235,503 at December 31, 2023	—	—
Additional paid in capital	218,756	220,495
Retained earnings	361,987	345,935
Treasury stock, at cost (237,386 shares at June 30, 2024 and 339,064 shares December 31, 2023)	(4,438)	(6,890)
Accumulated other comprehensive loss	(47,390)	(46,078)
Total shareholders' equity	586,700	571,247
Total Liabilities and Shareholders' Equity	$ 5,886,571	$ 5,752,957

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)
Dollars in thousands, except per share data

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
INTEREST AND DIVIDEND INCOME:				
Loans receivable including fees				
Interest and fees on loans receivable	$ 72,142	$ 66,901	$ 143,655	$ 129,229
Securities:				
Taxable	8,262	5,083	14,398	9,113
Tax-exempt	156	180	323	377
Dividends	92	168	181	253
Total interest and dividend income	80,652	72,332	158,557	138,972
INTEREST EXPENSE:				
Deposits	33,794	23,578	65,342	40,277
Borrowed funds and finance lease liabilities	3	445	6	1,708
Subordinated notes and debentures (includes $ 0, $(51), $0 and $(96) accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)	1,138	1,049	2,270	2,088
Total interest expense	34,935	25,072	67,618	44,073
NET INTEREST INCOME	45,717	47,260	90,939	94,899
PROVISION FOR CREDIT LOSS EXPENSE	2,591	2,405	3,911	3,695
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE	43,126	44,855	87,028	91,204
NON-INTEREST INCOME:				
Service charges on deposit accounts	1,794	1,913	3,488	3,708
Other service charges and fees	712	1,085	1,407	1,716
Wealth and asset management fees	2,007	1,917	3,809	3,734
Net realized gains on available-for-sale securities (includes $0, $30, $0 and $52 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)	—	30	—	52
Net realized and unrealized gains (losses) on equity securities	(80)	(244)	111	(530)
Mortgage banking	187	176	383	344
Bank owned life insurance	784	693	1,551	1,457
Card processing and interchange income	2,187	2,062	4,203	4,121
Other non-interest income	1,274	661	2,868	1,733
Total non-interest income	8,865	8,293	17,820	16,335
NON-INTEREST EXPENSES:				
Compensation and benefits	17,676	17,059	36,463	34,104
Net occupancy expense	3,580	3,628	7,220	7,194
Technology expense	5,573	5,187	10,645	9,445
State and local taxes	1,237	1,030	2,380	2,080
Legal, professional, and examination fees	1,119	1,002	2,291	1,847
Advertising	553	701	1,238	1,245
FDIC insurance premiums	1,018	1,001	2,008	1,874
Card processing and interchange expenses	878	1,572	2,057	3,062
Other non-interest expenses	4,355	4,808	9,111	9,127
Total non-interest expenses	35,989	35,988	73,413	69,978
INCOME BEFORE INCOME TAXES	16,002	17,160	31,435	37,561
INCOME TAX EXPENSE (includes $0, $17, $0 and $31 income tax expense from reclassification items, respectively)	3,045	3,333	5,878	7,245
NET INCOME	12,957	13,827	25,557	30,316
PREFERRED STOCK DIVIDENDS	1,075	1,075	2,150	2,150
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 11,882	$ 12,752	$ 23,407	$ 28,166
AVERAGE COMMON SHARES OUTSTANDING:				
Basic	20,830,511	20,916,861	20,827,139	20,979,373
Diluted	20,893,396	20,956,575	20,890,203	21,019,178
PER COMMON SHARE DATA:				
Basic Earnings Per Common Share	$ 0.57	$ 0.61	$ 1.12	$ 1.34
Diluted Earnings Per Common Share	$ 0.56	$ 0.61	$ 1.11	$ 1.33
Cash Dividends Declared	$ 0.175	$ 0.175	$ 0.350	$ 0.350

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)
Dollars in thousands

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
NET INCOME	$ 12,957	$ 13,827	$ 25,557	$ 30,316
Other comprehensive income (loss), net of tax:				
Net change in fair value of derivative instruments:				
Unrealized gain on interest rate swaps, net of tax $0, $(2), $0, and $(2), respectively	—	9	—	8
Reclassification adjustment for gains recognized in earnings, net of tax $0, $11, $0, and $20, respectively	—	(40)	—	(76)
	—	(31)	—	(68)
Net change in debt securities:				
Unrealized holding gains (losses) on available-for-sale securities arising during the period, net of tax of $87, $1,062, $419, and $(469), respectively	(328)	(3,995)	(1,577)	1,765
Amortization of unrealized losses from held-to-maturity securities, net of tax of $(37), $(39), $(70), and $(74), respectively	141	146	265	279
Reclassification adjustment for realized losses included in net income, net of tax of $0, $6, $0, and $11, respectively	—	(24)	—	(41)
	(187)	(3,873)	(1,312)	2,003
Other comprehensive income (loss)	(187)	(3,904)	(1,312)	1,935
COMPREHENSIVE INCOME	$ 12,770	$ 9,923	$ 24,245	$ 32,251

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
Dollars in thousands, except share and per share data

	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Share-holders' Equity
Balance, April 1, 2024	$ 57,785	$ 218,224	$ 353,780	$ (3,946)	$ (47,203)	$ 578,640
Net income			12,957			12,957
Other comprehensive loss					(187)	(187)
Forfeiture of restricted stock award grants (2,518 shares)		50		(50)		—
Stock-based compensation expense		482				482
Purchase of treasury stock (23,988 shares)				(441)		(441)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (72 shares)				(1)		(1)
Preferred cash dividend declared			(1,075)			(1,075)
Cash dividends declared ($0.175 per common share)			(3,675)			(3,675)
Balance, June 30, 2024	$ 57,785	$ 218,756	$ 361,987	$ (4,438)	$ (47,390)	$ 586,700
Balance, April 1, 2023	$ 57,785	$ 219,561	$ 318,629	$ (2,867)	$ (46,681)	$ 546,427
Net income			13,827			13,827
Other comprehensive loss					(3,904)	(3,904)
Forfeiture of restricted stock award grants (742 shares)		13		(13)		—
Restricted stock award grants (7,326 shares)		(196)		196		—
Stock-based compensation expense		345				345
Purchase of treasury stock (126,459 shares)				(2,312)		(2,312)
Preferred cash dividend declared			(1,075)			(1,075)
Cash dividends declared ($0.175 per common share)			(3,674)			(3,674)
Balance, June 30, 2023	$ 57,785	$ 219,723	$ 327,707	$ (4,996)	$ (50,585)	$ 549,634

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	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Share-holders' Equity
Balance, January 1, 2024	$ 57,785	$ 220,495	$ 345,935	$ (6,890)	$ (46,078)	$ 571,247
Net income			25,557			25,557
Other comprehensive loss					(1,312)	(1,312)
Forfeiture of restricted stock award grants (4,961 shares)		100		(100)		—
Restricted stock award grants (130,857 shares)		(3,025)		3,025		—
Performance based restricted stock award grants (9,667 shares)		(179)		179		—
Stock-based compensation expense		1,365				1,365
Purchase of treasury stock (23,988 shares)				(441)		(441)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,379 shares)				(157)		(157)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (2,518 shares)				(54)		(54)
Preferred cash dividend declared			(2,150)			(2,150)
Cash dividends declared ($0.350 per common share)			(7,355)			(7,355)
Balance, June 30, 2024	$ 57,785	$ 218,756	$ 361,987	$ (4,438)	$ (47,390)	$ 586,700
Balance, January 1, 2023	$ 57,785	$ 221,553	$ 306,911	$ (2,967)	$ (52,520)	$ 530,762
Net income			30,316			30,316
Other comprehensive gain					1,935	1,935
Forfeiture of restricted stock award grants (2,803 shares)		63		(63)		—
Restricted stock award grants (105,185 shares)		(2,743)		2,743		—
Performance based restricted stock award grants (4,118 shares)		(111)		111		—
Stock-based compensation expense		961				961
Purchase of treasury stock (226,459 shares)				(4,717)		(4,717)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (3,750 shares)				(89)		(89)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (584 shares)				(14)		(14)
Preferred cash dividend declared			(2,150)			(2,150)
Cash dividends declared ($0.350 per common share)			(7,370)			(7,370)
Balance, June 30, 2023	$ 57,785	$ 219,723	$ 327,707	$ (4,996)	$ (50,585)	$ 549,634

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
Dollars in thousands

	Six Months Ended June 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 25,557	$ 30,316
Adjustments to reconcile net income to net cash provided by operations:		
Provision for credit loss expense	3,911	3,695
Depreciation and amortization of premises and equipment, operating leases assets, core deposit intangible, and mortgage servicing rights	3,921	3,842
Accretion of securities, deferred loan fees and costs, net yield and credit mark on acquired loans, and unearned income	(2,467)	(2,167)
Net amortization of deferred costs on borrowings	152	151
Net realized gains on sales of available-for-sale securities	—	(52)
Net realized and unrealized (gains) losses on equity securities	(111)	530
Gain on sale of loans held for sale	(344)	(212)
Net losses on dispositions of premises and equipment and foreclosed assets	88	27
Proceeds from sale of loans receivable	11,906	7,561
Origination of loans held for sale	(12,439)	(9,737)
Income on bank owned life insurance	(1,551)	(1,457)
Restricted stock compensation expense	1,365	961
Change in:		
Accrued interest receivable and other assets	(13,187)	(2,484)
Accrued interest payable, lease liabilities, and other liabilities	6,099	(14,578)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,900	16,396
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities, prepayments and calls of available-for-sale securities	21,234	20,168
Proceeds from sales of available-for-sale securities	—	13,151
Purchase of available-for-sale securities	(41,313)	(13,203)
Proceeds from maturities, prepayments and calls of held-to-maturity securities	34,890	11,011
Purchase of equity securities	(242)	(181)
Proceeds from sales of loans classified as portfolio loans	11,182	4,994
Net increase in loans receivable	(23,532)	(192,961)
Redemption (purchase) of FHLB, other equity, and restricted equity interests	(9,404)	2,832
Purchase of premises and equipment	(8,742)	(7,158)
Purchase of other intangible assets	—	(125)
Proceeds from the sale of premises and equipment and foreclosed assets	188	52
NET CASH USED BY INVESTING ACTIVITIES	(15,739)	(161,420)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in checking, money market and savings accounts	104,241	202,355
Net increase in certificates of deposit	7,854	108,283
Purchase of treasury stock	(652)	(4,820)
Cash dividends paid, common stock	(7,355)	(7,370)
Cash dividends paid, preferred stock	(2,150)	(2,150)
Net change in short-term borrowings	—	(132,396)
NET CASH PROVIDED BY FINANCING ACTIVITIES	101,938	163,902
NET INCREASE IN CASH AND CASH EQUIVALENTS	109,099	18,878
CASH AND CASH EQUIVALENTS, Beginning	222,046	106,285
CASH AND CASH EQUIVALENTS, Ending	$ 331,145	$ 125,163

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) (continued)
Dollars in thousands

	Six Months Ended June 30,	
	2024	2023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 64,316	$ 43,474
Income taxes	5,298	4,724
SUPPLEMENTAL NONCASH DISCLOSURES:		
Transfers to other real estate owned	$ 275	$ 161
Transfers from loans held for sale to loans held for investment	1,239	1,064
Transfers from loans held for investment to loans held for sale	438	166
Grant of restricted stock awards from treasury stock	3,025	2,743
Grant of performance based restricted stock awards from treasury stock	179	111
Restricted stock forfeiture	100	63
Lease liabilities arising from obtaining right-of-use assets	442	5,001

See Notes to Condensed Consolidated Financial Statements

CNB FINANCIAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE RULES

Nature of Operations

CNB Financial Corporation (the "Corporation") is headquartered in Clearfield, Pennsylvania, and provides a full range of banking and related services through its wholly owned subsidiary, CNB Bank (the "Bank"). In addition, the Bank provides wealth and asset management services, including the administration of trusts and estates, retirement plans, and other employee benefit plans as well as a full range of wealth management services. The Bank serves individual and corporate customers and is subject to competition from other financial institutions and intermediaries with respect to these services. In addition to the Bank, the Corporation also operates a consumer discount loan and finance business through its wholly owned subsidiary, Holiday Financial Services Corporation ("Holiday"). The Corporation and its other subsidiaries are subject to examination by federal and state regulators. The Corporation's market area is primarily concentrated in the Central and Northwest regions of the Commonwealth of Pennsylvania, the Central and Northeast regions of the State of Ohio, Western region of the State of New York and the Southwest region of the Commonwealth of Virginia.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission (the "SEC") and in compliance with U.S. generally accepted accounting principles ("GAAP"). Because this report is based on an interim period, certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with GAAP have been condensed or omitted.

In the opinion of management of the registrant, the accompanying condensed consolidated financial statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial condition and the results of operations for the periods presented. The financial performance reported for the Corporation for the three and six months ended June 30, 2024 is not necessarily indicative of the results to be expected for the full year.

This information should be read in conjunction with the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"). Certain amounts appearing in the condensed consolidated financial statements and notes thereto for prior periods may be reclassified to conform with the current presentation. If there are reclassifications, the reclassifications had no effect on net income or shareholders' equity as previously reported. Dollar amounts in tables are stated in thousands, except for per share amounts.

Use of Estimates

To prepare financial statements in conformity with GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the condensed consolidated financial statements and the disclosures provided and future results could differ.

Operating Segments

While the Corporation's Chief Operating Decision Maker ("CODM") monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Corporation-wide basis, and operating divisions are aggregated into one as operating results for all segments are similar. Accordingly, all of the financial services operations are considered by management to be aggregated in one reportable operating segment.

Goodwill Assessment

The Corporation's policy is to test goodwill for impairment annually on November 30 or on an interim basis if an event triggering impairment may have occurred. Management evaluated current conditions and concluded there have been no significant changes in the economic environment or future projections since the annual goodwill impairment test performed as of November 30, 2023 and therefore, believes that there is no impairment as of June 30, 2024. Management will continue to evaluate the economic conditions at future reporting periods for applicable changes.

Revision of Previously Issued Financial Statements

The Corporation has revised amounts reported in previously issued financial statements for the periods presented in this Quarterly Report on Form 10–Q related to immaterial revisions. The revisions relate to the classification of completed construction loans not being reported in the appropriate permanent loan segment classification. The revisions resulted in changes to Note 4, "Loans Receivable and Allowance for Credit Losses," and specifically the segment classification in the disclosure. These revisions do not impact the Corporation's net income.

The Corporation evaluated the aggregate effects of these revisions to our previously issued financial statements in accordance with SEC Staff Accounting Bulletins No. 99 and No. 108 and, based upon quantitative and qualitative factors, determined that the revisions were not material to the previously issued financial statements and disclosures included in the 2023 Form 10-K and in the Corporation's Quarterly Report on Form 10–Q for the three and six months ended June 30, 2023.

See Note 4, "Loans Receivable and Allowance for Credit Losses," for a table presenting the revisions to the line items of the Corporation's previously issued financial statements to reflect the revisions.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in 2023

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-08, "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." This ASU requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, "Revenue from Contracts with Customers." ASU 2021-08 was effective for the Corporation on January 1, 2023 and did not have a material impact on its condensed consolidated financial statements and related disclosures.

In March 2022, the FASB issued ASU 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method." Under prior guidance, entities can apply the last-of-layer hedging method to hedge the exposure of a closed portfolio of prepayable financial assets to fair value changes due to changes in interest rates for a portion of the portfolio that is not expected to be affected by prepayments, defaults, and other events affecting the timing and amount of cash flows. ASU 2022-01 expands the last-of-layer method, which permits only one hedge layer, to allow multiple hedged layers of a single closed portfolio. To reflect that expansion, the last-of-layer method is renamed the portfolio layer method. ASU 2022-01 also (i) expands the scope of the portfolio layer method to include non-prepayable financial assets, (ii) specifies eligible hedging instruments in a single-layer hedge, (iii) provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method and (iv) specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio. ASU 2022-01 was effective for the Corporation on January 1, 2023 and did not have a material impact on its condensed consolidated financial statements and related disclosures.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." This ASU eliminates the separate recognition and measurement guidance for Troubled Debt Restructurings ("TDRs") by creditors. The elimination of the TDRs guidance may be adopted prospectively for loan modifications after adoption or on a modified retrospective basis, which would also apply to loans previously modified, resulting in a cumulative effect adjustment to retained earnings in the period of adoption for changes in the allowance for credit losses. ASU 2022-02 was effective for the Corporation on January 1, 2023 and did not have a material impact on its condensed consolidated financial statements and related disclosures.

In July 2023, FASB issued ASU 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 Emerging Issues Task Force ("EITF") Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280—General Revision of Regulation S-X: Income or Loss Applicable to Common Stock." This ASU amends the FASB Accounting Standards Codification for SEC updates pursuant to SEC Staff Accounting Bulletin No. 120; SEC Staff Announcement at the March 24, 2022 EITF Meeting; and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280—General Revision of Regulation S-X: Income or Loss Applicable to Common Stock. The updates were effective immediately. These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

Accounting Standards Adopted in 2024

In June 2022, FASB issued ASU 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." In this ASU, a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The ASU also requires certain disclosures for equity securities that are subject to contractual restrictions. This guidance was effective for the Corporation on January 1, 2024. These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

In March 2023, FASB issued ASU 2023-01, "Leases (Topic 842): Common Control Arrangements." This ASU requires the Corporation to amortize leasehold improvements associated with common control leases over the useful life to the common control group. This guidance is effective for the Corporation on January 1, 2024. These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

In March 2023, FASB issued ASU 2023-02, "Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." In this ASU, these amendments allow the Corporation to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This guidance is effective for the Corporation on January 1, 2024. These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

Accounting Pronouncements Pending Adoption

In August 2023, FASB issued ASU 2023-05, "Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." ASU 2023-05 requires certain joint ventures to apply a new basis of accounting upon formation by recognizing and initially measuring most of their assets and liabilities at fair value. The objectives of the amendments are to provide decision-useful information to investors and other allocators of capital in a joint venture’s financial statements and also to reduce diversity in practice. ASU 2023-05 should be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. Early adoption is permitted, and joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. The Corporation is evaluating the effect that ASU 2023-05 will have on its condensed consolidated financial statements and related disclosures.

In October 2023, FASB issued ASU 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative." The ASU amends the ASC to incorporate certain disclosure requirements from SEC Release No. 33-10532, "Disclosure Update and Simplification" that was issued in 2018. The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Corporation is evaluating the effect that ASU 2023-06 will have on its condensed consolidated financial statements and related disclosures.

In November 2023, FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures (Topic 280)." This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the CODM and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. The Corporation is evaluating the effect that ASU 2023-07 will have on its condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures (Topic 740)." The ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Corporation is evaluating the effect that ASU 2023-09 will have on its condensed consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-01, "Compensation - Stock Compensation (Topic 718)." The ASU adds an illustrative example to demonstrate how an entity should apply the scope guidance in paragraph 718-10-15-3 to determine whether profits interest and similar awards ("profits interest awards") should be accounted for in accordance with Topic 718, Compensation—Stock Compensation. The amendment in this ASU should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. If the amendments are applied retrospectively, an entity is required to provide the disclosures in paragraphs 250-10-50-1 through 50-3 in the period of adoption. If the amendment is applied prospectively, an entity is required to disclose the nature of and reason for the change in accounting principle. The ASU is effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Early adoption is also permitted for interim and annual financial statements that have not yet been issued or made available for issuance. If an entity adopts the amendments in an interim period, it should adopt the amendment as of the beginning of the annual period that includes that interim period. The Corporation is evaluating the effect that ASU 2024-01 will have on its condensed consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02, "Codification Improvements—Amendments to Remove References to the Concepts Statements." The ASU contains amendments to the *FASB Accounting Standards Codification* that remove references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Concept Statements to provide guidance in certain topical areas. The amendment in this ASU should be applied using one of the following transition methods: (1) prospectively to all new transactions recognized on or after the date that the entity first applies the amendments; or (2) retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied. An entity should adjust the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) as of the beginning of the earliest comparative period presented. The ASU is effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Early application of the amendment is permitted for any fiscal year or interim period for which financial statements have not yet been issued, or made available for issuance. If an entity adopts the amendment in an interim period, it must adopt the amendment as of the beginning of the fiscal year that includes that interim period. The Corporation is evaluating the effect that ASU 2024-02 will have on its condensed consolidated financial statements and related disclosures.

SEC Disclosure Rules

In March 2024, the SEC adopted its final rule under SEC Release no. 33-11275, "The Enhancement and Standardization of Climate-Related Disclosures for Investors*."* In April 2024, the SEC stayed the final climate rule pending the completion of judicial review of an Eighth Circuit challenge seeking to vacate the rule. This rule would require registrants to disclose certain climate-related information in registration statements and annual reports. The disclosure requirements would apply to the Corporation's fiscal year beginning January 1, 2026. The Corporation is currently evaluating the final rule to determine its impact on the Corporation's disclosures.

3. SECURITIES

Debt securities available-for-sale ("AFS") at June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Allowance For Credit Losses	Fair Value
U.S. Government sponsored entities	$ 19,667	$ —	$ (47)	$ —	$ 19,620
State & political subdivisions	105,529	1	(14,157)	—	91,373
Residential & multi-family mortgage	234,738	1	(35,665)	—	199,074
Corporate notes & bonds	45,414	35	(5,111)	—	40,338
Pooled SBA	10,396	—	(901)	—	9,495
Total	$ 415,744	$ 37	$ (55,881)	$ —	$ 359,900

	December 31, 2023				
	Amortized	Unrealized		Allowance For	Fair
	Cost	Gains	Losses	Credit Losses	Value
U.S. Government sponsored entities	$ 5,024	$ —	$ (36)	$ —	$ 4,988
State & political subdivisions	105,102	22	(13,315)	—	91,809
Residential & multi-family mortgage	225,871	1	(34,353)	—	191,519
Corporate notes & bonds	48,459	13	(5,333)	—	43,139
Pooled SBA	11,347	—	(847)	—	10,500
Total	$ 395,803	$ 36	$ (53,884)	$ —	$ 341,955

Debt securities held-to-maturity ("HTM") at June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024				
	Amortized	Unrealized		Allowance For	Fair
	Cost	Gains	Losses	Credit Losses	Value
U.S. Government sponsored entities	$ 273,307	$ —	$ (17,938)	$ —	$ 255,369
Residential & multi-family mortgage	81,262	—	(10,309)	—	70,953
Total	$ 354,569	$ —	$ (28,247)	$ —	$ 326,322

	December 31, 2023				
	Amortized	Unrealized		Allowance For	Fair
	Cost	Gains	Losses	Credit Losses	Value
U.S. Government sponsored entities	$ 302,945	$ —	$ (19,038)	$ —	$ 283,907
Residential & multi-family mortgage	86,023	—	(9,360)	—	76,663
Total	$ 388,968	$ —	$ (28,398)	$ —	$ 360,570

The Corporation elected to transfer 74 AFS securities with an aggregate fair value of $ 213.7 million to a classification of HTM during the twelve months ended December 31, 2022. In accordance with FASB ASC 320-10-55-24, the transfer from AFS to HTM must be recorded at the fair value of the AFS securities at the time of transfer. The net unrealized holding loss of $5.6 million, net of tax, at the date of transfer was retained in accumulated other comprehensive income (loss), with the associated pre-tax amount retained in the carrying value of the HTM securities. Such amounts will be amortized to comprehensive income over the remaining life of the securities.

Information pertaining to security sales on AFS securities is as follows:

	Proceeds	Gross Gains	Gross Losses
Three months ended June 30, 2024	$ —	$ —	$ —
Three months ended June 30, 2023	3,492	30	—
Six months ended June 30, 2024	—	—	—
Six months ended June 30, 2023	13,151	52	—

The tax provision related to these net realized gains was zero for the three and six months ended June 30, 2024 and $ 6 thousand and $11 thousand for the three and six months ended June 30, 2023, respectively.

The table below illustrates the maturity distribution of debt securities at amortized cost and fair value as of June 30, 2024:

	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
1 year or less	$ 24,475	$ 24,356	$ 72,734	$ 71,496
1 year – 5 years	47,219	44,521	172,567	160,109
5 years – 10 years	77,498	66,476	28,006	23,764
After 10 years	21,418	15,978	—	—
	170,610	151,331	273,307	255,369
Residential & multi-family mortgage	234,738	199,074	81,262	70,953
Pooled SBA	10,396	9,495	—	—
Total debt securities	$ 415,744	$ 359,900	$ 354,569	$ 326,322

Mortgage securities and pooled Small Business Administration ("SBA") securities are not due at a single date; periodic payments are received based on the payment patterns of the underlying collateral.

On June 30, 2024 and December 31, 2023, securities carried at $ 490.6 million and $489.0 million, respectively, were pledged to secure public deposits and for other purposes as provided by law.

At June 30, 2024 and December 31, 2023, there were no holdings of securities of any one issuer, other than the U.S. Government sponsored entities, in an amount greater than 10% of shareholders' equity. The Corporation's residential and multi-family mortgage securities are issued by government sponsored entities.

AFS debt securities with unrealized losses at June 30, 2024 and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

June 30, 2024

	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government sponsored entities	$ 18,639	$ (30)	$ 981	$ (17)	$ 19,620	$ (47)
State & political subdivisions	4,321	(183)	85,295	(13,974)	89,616	(14,157)
Residential & multi-family mortgage	20,119	(367)	178,878	(35,298)	198,997	(35,665)
Corporate notes and bonds	986	(14)	38,649	(5,097)	39,635	(5,111)
Pooled SBA	—	—	9,406	(901)	9,406	(901)
	$ 44,065	$ (594)	$ 313,209	$ (55,287)	$ 357,274	$ (55,881)

December 31, 2023

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government sponsored entities	$ 2,487	$ (1)	$ 1,956	$ (35)	$ 4,443	$ (36)
State & political subdivisions	749	—	84,828	(13,315)	85,577	(13,315)
Residential & multi-family mortgage	—	—	191,436	(34,353)	191,436	(34,353)
Corporate notes and bonds	978	(22)	41,488	(5,311)	42,466	(5,333)
Pooled SBA	—	—	10,409	(847)	10,409	(847)
	$ 4,214	$ (23)	$ 330,117	$ (53,861)	$ 334,331	$ (53,884)

HTM debt securities with unrealized losses at June 30, 2024 and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

June 30, 2024

	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government sponsored entities	$ —	$ —	$ 255,369	$ (17,938)	$ 255,369	$ (17,938)
Residential & multi-family mortgage	—	—	70,953	(10,309)	70,953	(10,309)
	$ —	$ —	$ 326,322	$ (28,247)	$ 326,322	$ (28,247)

December 31, 2023

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government sponsored entities	$ —	$ —	$ 283,907	$ (19,038)	$ 283,907	$ (19,038)
Residential & multi-family mortgage	—	—	76,663	(9,360)	76,663	(9,360)
	$ —	$ —	$ 360,570	$ (28,398)	$ 360,570	$ (28,398)

At June 30, 2024 and December 31, 2023, management performed an assessment for possible impairment related to credit losses of the Corporation's debt securities, relying on information obtained from various sources, including publicly available financial data, ratings by external agencies, brokers and other sources. Based on the results of the assessment, management believes there is no credit related impairment of these debt securities at June 30, 2024 and December 31, 2023.

For the securities that comprise corporate notes and bonds and the securities that are issued by state and political subdivisions, management monitors publicly available financial information, such as filings with the SEC, in order to evaluate the securities for potential credit impairment. For financial institution issuers, management monitors information from quarterly "call" report filings that are used to generate Uniform Bank Performance Reports. All other securities that were in an unrealized loss position at the balance sheet date were reviewed by management, and issuer-specific documents were reviewed as appropriate given the following considerations; the financial condition and near-term prospects of the issuer and whether downgrades by bond rating agencies have occurred, the length of time and extent to which fair value has been less than cost, and whether management does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery.

As of June 30, 2024 and December 31, 2023, management concluded the debt securities described in the previous paragraphs were not impaired for reasons due to credit quality for the following reasons:

- There is no indication of any significant deterioration of the creditworthiness of the institutions that issued the securities.
- All contractual interest payments on the securities have been received as scheduled, and no information has come to management's attention through the processes previously described which would lead to a conclusion that future contractual payments will not be timely received.
- The unrealized losses were deemed to be temporary changes in value related to market movements in interest yields.

The Corporation does not intend to sell and it is not more likely than not that it will be required to sell the securities in an unrealized loss position before recovery of its amortized cost basis.

Equity securities at June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024	December 31, 2023
Corporate equity securities	$ 6,004	$ 5,341
Mutual funds	1,657	2,223
Money market funds	409	1,103
Corporate notes	1,584	634
Total	$ 9,654	$ 9,301

4. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Total net loans receivable at June 30, 2024 and December 31, 2023 are summarized as follows:

	June 30, 2024	Percentage of Total	December 31, 2023	Percentage of Total
Farmland	$ 32,212	0.7 %	$ 33,485	0.8 %
Owner-occupied, nonfarm nonresidential properties	535,128	11.9	511,910	11.5
Agricultural production and other loans to farmers	1,561	—	1,652	—
Commercial and Industrial	659,407	14.7	726,442	16.3
Obligations (other than securities and leases) of states and political subdivisions	150,482	3.4	152,201	3.4
Other loans	26,326	0.6	25,507	0.6
Other construction loans and all land development and other land loans	374,702	8.4	340,358	7.6
Multifamily (5 or more) residential properties	324,092	7.2	305,697	6.8
Non-owner occupied, nonfarm nonresidential properties	978,241	21.8	984,033	22.0
1-4 Family Construction	20,408	0.5	28,055	0.6
Home equity lines of credit	144,018	3.2	130,700	2.9
Residential Mortgages secured by first liens	1,006,163	22.5	1,005,335	22.5
Residential Mortgages secured by junior liens	98,085	2.2	91,240	2.0
Other revolving credit plans	41,359	0.9	42,877	1.0
Automobile	22,387	0.5	25,315	0.6
Other consumer	51,644	1.2	51,592	1.1
Credit cards	13,259	0.3	11,785	0.3
Overdrafts	218	—	292	—
Total loans receivable	$ 4,479,692	100.0 %	$ 4,468,476	100.0 %
Less: Allowance for credit losses	(45,532)		(45,832)	
Loans receivable, net	$ 4,434,160		$ 4,422,644	
Net deferred loan origination fees included in the above table	$ 1,378		$ 2,448	

The following table presents the revisions to total loans disclosure at December 31, 2023 to reflect the adjustment for the applicable portfolio segments:

	As Reported		As Revised		Adjustment	
	December 31, 2023	Percentage of Total	December 31, 2023	Percentage of Total	December 31, 2023	Percentage of Total
Farmland	$ 31,869	0.7 %	$ 33,485	0.8 %	$ 1,616	0.1 %
Owner-occupied, nonfarm nonresidential properties	493,064	11.0	511,910	11.5	18,846	0.5
Other construction loans and all land development and other land loans	491,539	11.0	340,358	7.6	(151,181)	(3.4)
Multifamily (5 or more) residential properties	254,342	5.7	305,697	6.8	51,355	1.1
Non-owner occupied, nonfarm nonresidential properties	896,043	20.1	984,033	22.0	87,990	1.9
1-4 Family Construction	51,207	1.1	28,055	0.6	(23,152)	(0.5)
Residential Mortgages secured by first liens	990,986	22.2	1,005,335	22.5	14,349	0.3
Residential Mortgages secured by junior liens	91,063	2.0	91,240	2.0	177	—
Total	$ 3,300,113	73.8 %	$ 3,300,113	73.8 %	$ —	— %

The Corporation's outstanding loans receivable and related unfunded commitments are primarily concentrated within Central and Northwest Pennsylvania, Central and Northeast Ohio, Western New York and Southwest Virginia. The Bank attempts to limit concentrations within specific industries by utilizing dollar limitations to single industries or customers, and by entering into participation agreements with third parties. Collateral requirements are established based on management's assessment of the customer. The Corporation maintains lending policies to control the quality of the loan portfolio. These policies delegate the authority to extend loans under specific guidelines and underwriting standards. These policies are prepared by the Corporation's management and reviewed and approved annually by the Corporation's Board of Directors.

Syndicated loans, net of deferred fees and costs, are included in the commercial and industrial classification and totaled $ 53.9 million and $108.7 million as of June 30, 2024 and December 31, 2023, respectively.

Transactions in the allowance for credit losses for the three months ended June 30, 2024 were as follows:

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[1]	Ending Allowance
Farmland	$ 135	$ —	$ —	$ 19	$ 154
Owner-occupied, nonfarm nonresidential properties	4,473	(103)	8	622	5,000
Agricultural production and other loans to farmers	8	—	—	—	8
Commercial and Industrial	8,973	(1,693)	19	(186)	7,113
Obligations (other than securities and leases) of states and political subdivisions	2,537	—	—	17	2,554
Other loans	378	—	—	25	403
Other construction loans and all land development and other land loans	4,255	—	—	(1,141)	3,114
Multifamily (5 or more) residential properties	1,067	—	—	343	1,410
Non-owner occupied, nonfarm nonresidential properties	8,785	(349)	—	1,282	9,718
1-4 Family Construction	303	—	—	(156)	147
Home equity lines of credit	897	—	2	136	1,035
Residential Mortgages secured by first liens	8,368	—	—	566	8,934
Residential Mortgages secured by junior liens	1,431	—	—	167	1,598
Other revolving credit plans	854	(84)	17	147	934
Automobile	304	(14)	1	(4)	287
Other consumer	2,711	(526)	26	591	2,802
Credit cards	98	(11)	3	13	103
Overdrafts	255	(121)	21	63	218
Total loans	$ 45,832	$ (2,901)	$ 97	$ 2,504	$ 45,532

[1] Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Transactions in the allowance for credit losses for the six months ended June 30, 2024 were as follows:

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[(1)]	Ending Allowance
Farmland	$ 138	$ —	$ —	$ 16	$ 154
Owner-occupied, nonfarm nonresidential properties	4,131	(699)	17	1,551	5,000
Agricultural production and other loans to farmers	7	—	—	1	8
Commercial and Industrial	9,500	(1,764)	48	(671)	7,113
Obligations (other than securities and leases) of states and political subdivisions	2,627	—	—	(73)	2,554
Other loans	389	—	—	14	403
Other construction loans and all land development and other land loans	2,830	—	—	284	3,114
Multifamily (5 or more) residential properties	1,251	—	—	159	1,410
Non-owner occupied, nonfarm nonresidential properties	9,783	(349)	—	284	9,718
1-4 Family Construction	191	—	—	(44)	147
Home equity lines of credit	844	—	3	188	1,035
Residential Mortgages secured by first liens	8,274	(64)	—	724	8,934
Residential Mortgages secured by junior liens	1,487	—	—	111	1,598
Other revolving credit plans	977	(99)	20	36	934
Automobile	360	(24)	4	(53)	287
Other consumer	2,656	(1,043)	53	1,136	2,802
Credit cards	95	(40)	8	40	103
Overdrafts	292	(265)	46	145	218
Total loans	$ 45,832	$ (4,347)	$ 199	$ 3,848	$ 45,532

(1) Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

The above table includes revisions to the beginning allowance column disclosure as of December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

Transactions in the allowance for credit losses for the three months ended June 30, 2023 were as follows:

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[(1)]	Ending Allowance
Farmland	$ 129	$ —	$ —	$ 11	$ 140
Owner-occupied, nonfarm nonresidential properties	2,546	—	7	598	3,151
Agricultural production and other loans to farmers	3	—	—	2	5
Commercial and Industrial	8,943	—	—	(284)	8,659
Obligations (other than securities and leases) of states and political subdivisions	1,848	—	—	458	2,306
Other loans	594	—	—	139	733
Other construction loans and all land development and other land loans	3,394	—	—	197	3,591
Multifamily (5 or more) residential properties	2,535	—	2	(924)	1,613
Non-owner occupied, nonfarm nonresidential properties	8,259	(248)	—	966	8,977
1-4 Family Construction	398	—	—	10	408
Home equity lines of credit	1,158	—	2	(191)	969
Residential Mortgages secured by first liens	8,851	—	3	396	9,250
Residential Mortgages secured by junior liens	1,275	—	—	303	1,578
Other revolving credit plans	830	(36)	12	125	931
Automobile	330	(5)	—	51	376
Other consumer	2,561	(442)	31	411	2,561
Credit cards	73	(18)	6	11	72
Overdrafts	254	(138)	35	70	221
Total loans	$ 43,981	$ (887)	$ 98	$ 2,349	$ 45,541

(1) Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Transactions in the allowance for credit losses for the six months ended June 30, 2023 were as follows:

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[1]	Ending Allowance
Farmland	$ 159	$ —	$ —	$ (19)	$ 140
Owner-occupied, nonfarm nonresidential properties	2,905	(26)	15	257	3,151
Agricultural production and other loans to farmers	6	—	—	(1)	5
Commercial and Industrial	9,766	(46)	145	(1,206)	8,659
Obligations (other than securities and leases) of states and political subdivisions	1,863	—	—	443	2,306
Other loans	456	—	—	277	733
Other construction loans and all land development and other land loans	3,253	—	—	338	3,591
Multifamily (5 or more) residential properties	2,353	(65)	2	(677)	1,613
Non-owner occupied, nonfarm nonresidential properties	7,653	(248)	—	1,572	8,977
1-4 Family Construction	327	—	—	81	408
Home equity lines of credit	1,173	—	3	(207)	969
Residential Mortgages secured by first liens	8,484	(7)	3	770	9,250
Residential Mortgages secured by junior liens	1,035	—	—	543	1,578
Other revolving credit plans	722	(58)	17	250	931
Automobile	271	(10)	—	115	376
Other consumer	2,665	(982)	74	804	2,561
Credit cards	67	(80)	7	78	72
Overdrafts	278	(298)	79	162	221
Total loans	$ 43,436	$ (1,820)	$ 345	$ 3,580	$ 45,541

[1] Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

The Corporation's allowance for credit losses is influenced by loan volumes, risk rating migration, delinquency status and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions.

For the three and six months ended June 30, 2024, the allowance for credit losses decreased $ 300 thousand. The growth in the Corporation's loan portfolio in new market areas was offset by improvements in the Corporation's historical loss rates, as well as the impact of net charge-offs. Significant uncertainty persists regarding the domestic and global economy, tightening credit conditions, persistent inflation, and higher interest rates. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Provision for credit losses was $2.6 million and $3.9 million for the three and six months ended June 30, 2024, respectively, compared to $ 2.4 million and $3.7 million for the three and six months ended June 30, 2023, respectively. Included in the provision for credit losses for the three and six months ended June 30, 2024 was a provision of $87 thousand and $63 thousand, respectively, related to the allowance for unfunded commitments compared to $ 56 thousand and $115 thousand, provision towards the allowance for unfunded commitments for the three and six months ended June 30, 2023, respectively.

The following tables present the amortized cost basis of loans receivable on nonaccrual status and loans receivable past due over 89 days still accruing as of June 30, 2024 and December 31, 2023, respectively:

	June 30, 2024		
	Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Receivable Past Due over 89 Days Still Accruing
Farmland	$ 723	$ 723	$ —
Owner-occupied, nonfarm nonresidential properties	6,525	1,257	—
Commercial and Industrial	9,160	5,367	—
Other construction loans and all land development and other land loans	1,575	100	—
Multifamily (5 or more) residential properties	541	541	—
Non-owner occupied, nonfarm nonresidential properties	8,297	6,774	—
Home equity lines of credit	1,198	1,198	—
Residential Mortgages secured by first liens	5,535	5,148	—
Residential Mortgages secured by junior liens	224	224	—
Other revolving credit plans	84	84	—
Automobile	220	220	—
Other consumer	706	706	—
Credit cards	—	—	112
Total	$ 34,788	$ 22,342	$ 112

	December 31, 2023		
	Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Receivable Past Due over 89 Days Still Accruing
Farmland	$ 1,083	$ 1,083	$ —
Owner-occupied, nonfarm nonresidential properties	2,673	1,488	—
Commercial and Industrial	7,512	4,389	—
Other construction loans and all land development and other land loans	1,653	104	—
Multifamily (5 or more) residential properties	305	305	—
Non-owner occupied, nonfarm nonresidential properties	9,076	6,716	—
Home equity lines of credit	940	940	—
Residential Mortgages secured by first liens	5,316	4,902	23
Residential Mortgages secured by junior liens	123	123	—
Other revolving credit plans	81	81	—
Automobile	79	79	—
Other consumer	798	798	—
Credit cards	—	—	32
Total	$ 29,639	$ 21,008	$ 55

All payments received while on nonaccrual status are applied against the principal balance of the loan. The Corporation does not recognize interest income while a loan is on nonaccrual status.

The following table presents the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of June 30, 2024:

	Real Estate Collateral	Non-Real Estate Collateral
Farmland	$ 431	$ —
Owner-occupied, nonfarm nonresidential properties	5,363	4
Commercial and Industrial	468	5,489
Other construction loans and all land development and other land loans	1,475	—
Multifamily (5 or more) residential properties	300	—
Non-owner occupied, nonfarm nonresidential properties	7,546	—
Home equity lines of credit	293	—
Residential Mortgages secured by first liens	1,028	—
Total	$ 16,904	$ 5,493

The following table presents the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of December 31, 2023:

	Real Estate Collateral	Non-Real Estate Collateral
Farmland	$ 736	$ —
Owner-occupied, nonfarm nonresidential properties	6,890	4
Commercial and Industrial	5,489	4,291
Other construction loans and all land development and other land loans	1,549	—
Multifamily (5 or more) residential properties	305	—
Non-owner occupied, nonfarm nonresidential properties	8,291	—
Home equity lines of credit	308	—
Residential Mortgages secured by first liens	1,070	—
Total	$ 24,638	$ 4,295

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The following table presents the aging of the amortized cost basis in past-due loans receivable as of June 30, 2024 by class of loans:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Receivable Not Past Due	Total
Farmland	$ 173	$ —	$ —	$ 173	$ 32,039	$ 32,212
Owner-occupied, nonfarm nonresidential properties	—	272	738	1,010	534,118	535,128
Agricultural production and other loans to farmers	—	—	—	—	1,561	1,561
Commercial and Industrial	253	3,550	1,928	5,731	653,676	659,407
Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	150,482	150,482
Other loans	—	—	—	—	26,326	26,326
Other construction loans and all land development and other land loans	38	—	1,537	1,575	373,127	374,702
Multifamily (5 or more) residential properties	—	492	541	1,033	323,059	324,092
Non-owner occupied, nonfarm nonresidential properties	307	—	1,831	2,138	976,103	978,241
1-4 Family Construction	—	—	—	—	20,408	20,408
Home equity lines of credit	951	11	292	1,254	142,764	144,018
Residential Mortgages secured by first liens	3,565	1,084	1,427	6,076	1,000,087	1,006,163
Residential Mortgages secured by junior liens	77	—	60	137	97,948	98,085
Other revolving credit plans	201	—	18	219	41,140	41,359
Automobile	38	28	163	229	22,158	22,387
Other consumer	537	227	326	1,090	50,554	51,644
Credit cards	156	67	112	335	12,924	13,259
Overdrafts	—	—	—	—	218	218
Total	$ 6,296	$ 5,731	$ 8,973	$ 21,000	$ 4,458,692	$ 4,479,692

The following table presents the aging of the amortized cost basis in past-due loans receivable as of December 31, 2023 by class of loans:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Receivable Not Past Due	Total
Farmland	$ —	$ 182	$ 129	$ 311	$ 33,174	$ 33,485
Owner-occupied, nonfarm nonresidential properties	120	—	1,390	1,510	510,400	511,910
Agricultural production and other loans to farmers	—	—	—	—	1,652	1,652
Commercial and Industrial	64	379	314	757	725,685	726,442
Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	152,201	152,201
Other loans	—	—	—	—	25,507	25,507
Other construction loans and all land development and other land loans	—	41	1,612	1,653	338,705	340,358
Multifamily (5 or more) residential properties	—	—	305	305	305,392	305,697
Non-owner occupied, nonfarm nonresidential properties	95	299	2,031	2,425	981,608	984,033
1-4 Family Construction	—	—	—	—	28,055	28,055
Home equity lines of credit	582	682	339	1,603	129,097	130,700
Residential Mortgages secured by first liens	2,360	1,094	1,651	5,105	1,000,230	1,005,335
Residential Mortgages secured by junior liens	21	38	60	119	91,121	91,240
Other revolving credit plans	114	41	14	169	42,708	42,877
Automobile	62	5	67	134	25,181	25,315
Other consumer	452	453	354	1,259	50,333	51,592
Credit cards	110	17	32	159	11,626	11,785
Overdrafts	—	—	—	—	292	292
Total	$ 3,980	$ 3,231	$ 8,298	$ 15,509	$ 4,452,967	$ 4,468,476

The above table includes revisions to the loans receivable not past due and total columns disclosure as of December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

Loan Modifications

The Corporation adopted ASU 2022-02, Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures effective January 1, 2023. The amendments in ASU 2022-02 eliminated the recognition and measure of troubled debt restructurings and enhanced disclosures for loan modifications to borrowers experiencing financial difficulty.

Occasionally, the Corporation modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, an other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses.

In some cases, the Corporation provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For the loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: a term extension, principal forgiveness, an other-than-insignificant payment delay and/or an interest rate reduction.

The following table presents the amortized cost basis of loans at June 30, 2024 that were both experiencing financial difficulty and modified during the three months ended June 30, 2024, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension	Total Class of Financing Receivable
Farmland	$ —	$ 1,040	$ —	$ —	$ —	3.2 %
Owner-occupied, nonfarm nonresidential properties	—	5,263	—	—	—	1.0
Commercial and Industrial	—	37	—	—	—	—
Non-owner occupied, nonfarm nonresidential properties	—	5,715	—	—	—	0.6
Total	$ —	$ 12,055	$ —	$ —	$ —	0.3 %

The following table presents the amortized cost basis of loans at June 30, 2024 that were both experiencing financial difficulty and modified during the six months ended June 30, 2024, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension	Total Class of Financing Receivable
Farmland	$ —	$ 1,040	$ —	$ —	$ —	3.2 %
Owner-occupied, nonfarm nonresidential properties	—	5,552	—	—	—	1.0
Commercial and Industrial	—	37	466	—	—	0.1
Non-owner occupied, nonfarm nonresidential properties	—	5,715	—	—	—	0.6
Total	$ —	$ 12,344	$ 466	$ —	$ —	0.3 %

The following table presents the amortized cost basis of loans at June 30, 2023 that were both experiencing financial difficulty and modified during the three months ended June 30, 2023, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension	Total Class of Financing Receivable
Owner-occupied, nonfarm nonresidential properties	$ —	$ 6,152	$ —	$ —	$ —	1.3 %
Commercial and Industrial	—	5,488	—	—	—	0.8
Total	$ —	$ 11,640	$ —	$ —	$ —	0.3 %

The following table presents the amortized cost basis of loans at June 30, 2023 that were both experiencing financial difficulty and modified during the six months ended June 30, 2023, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension	Total Class of Financing Receivable
Owner-occupied, nonfarm nonresidential properties	$ —	$ 6,246	$ —	$ —	$ —	1.3 %
Commercial and Industrial	—	7,987	583	352	117	1.2
Other construction loans and all land development and other land loans	—	1,549	—	—	—	0.3
Non-owner occupied, nonfarm nonresidential properties	—	—	1,523	—	—	0.2
Total	$ —	$ 15,782	$ 2,106	$ 352	$ 117	0.4 %

The Corporation had no unfunded available credit to customers whose loan receivables are included in the previous tables.

The Corporation closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

The following table presents the performance of such loans that have been modified during the three months ended June 30, 2024:

	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Farmland	$ 1,040	$ —	$ —	$ —	$ —
Owner-occupied, nonfarm nonresidential properties	5,263	—	—	—	—
Commercial and Industrial	37	—	—	—	—
Non-owner occupied, nonfarm nonresidential properties	5,715	—	—	—	—
Total	$ 12,055	$ —	$ —	$ —	$ —

The following table presents the performance of such loans that have been modified during the six months ended June 30, 2024:

	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Farmland	$ 1,040	$ —	$ —	$ —	$ —
Owner-occupied, nonfarm nonresidential properties	5,264	—	—	288	288
Commercial and Industrial	503	—	—	—	—
Non-owner occupied, nonfarm nonresidential properties	5,715	—	—	—	—
Total	$ 12,522	$ —	$ —	$ 288	$ 288

The following table presents the performance of such loans that have been modified during the three months ended June 30, 2023:

	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Owner-occupied, nonfarm nonresidential properties	$ 6,152	$ —	$ —	$ —	$ —
Commercial and Industrial	5,488	—	—	—	—
Total	$ 11,640	$ —	$ —	$ —	$ —

The following table presents the performance of such loans that have been modified during the six months ended June 30, 2023:

	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Owner-occupied, nonfarm nonresidential properties	$ 6,246	$ —	$ —	$ —	$ —
Commercial and Industrial	9,039	—	—	—	—
Other construction loans and all land development and other land loans	—	—	—	1,549	1,549
Non-owner occupied, nonfarm nonresidential properties	1,523	—	—	—	—
Total	$ 16,808	$ —	$ —	$ 1,549	$ 1,549

There was no principal forgiveness, term extension or interest rate reductions for the loan modifications presented above to borrowers experiencing financial difficulty for the three months ended June 30, 2024.

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the six months ended June 30, 2024:

	Principal Forgiveness	Weighted Average Term Extension (in years)	Weighted Average Interest Rate Reduction
Commercial and Industrial	$ —	1.00	— %
Total	$ —	1.00	— %

There was no principal forgiveness, term extension or interest rate reductions for the loan modifications presented above to borrowers experiencing financial difficulty for the three months ended June 30, 2023.

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the six months ended June 30, 2023:

	Principal Forgiveness	Weighted Average Term Extension (in years)	Weighted Average Interest Rate Reduction
Commercial and Industrial	$ —	0.97	0.5 %
Non-owner occupied, nonfarm nonresidential properties	—	0.50	—
Total	$ —	0.65	— %

The following table presents the amortized cost basis of loans that had a payment default during the three months ended June 30, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension
Owner-occupied, nonfarm nonresidential properties	$ —	$ 288	$ —	$ —	$ —
Total	$ —	$ 288	$ —	$ —	$ —

There were no loans that had a payment default during the three months ended June 30, 2023 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

If the Corporation determines that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off and the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

Credit Quality Indicators

The Corporation categorizes loans receivable into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Corporation analyzes loans individually to classify the loans as to credit risk.

The Corporation uses the following definitions for risk ratings:

Special Mention: A loan classified as special mention has a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Corporation’s credit position at some future date.

Substandard: A loan classified as substandard is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. The loan has a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. A substandard loan is characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected.

Doubtful: A loan classified as doubtful has all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The following tables represent the Corporation's commercial credit risk profile by risk rating. Loans receivable not rated as special mention, substandard, or doubtful are considered to be pass rated loans.

	June 30, 2024					
		Non-Pass Rated				
	Pass	Special Mention	Substandard	Doubtful	Total Non-Pass	Total
Farmland	$ 31,489	$ —	$ 723	$ —	$ 723	$ 32,212
Owner-occupied, nonfarm nonresidential properties	509,918	1,605	23,605	—	25,210	535,128
Agricultural production and other loans to farmers	1,561	—	—	—	—	1,561
Commercial and Industrial	616,005	2,791	40,611	—	43,402	659,407
Obligations (other than securities and leases) of states and political subdivisions	137,588	—	12,894	—	12,894	150,482
Other loans	26,326	—	—	—	—	26,326
Other construction loans and all land development and other land loans	373,165	—	1,537	—	1,537	374,702
Multifamily (5 or more) residential properties	318,969	—	5,123	—	5,123	324,092
Non-owner occupied, nonfarm nonresidential properties	960,456	3,141	14,644	—	17,785	978,241
Total	$ 2,975,477	$ 7,537	$ 99,137	$ —	$ 106,674	$ 3,082,151

	December 31, 2023					
		Non-Pass Rated				
	Pass	Special Mention	Substandard	Doubtful	Total Non-Pass	Total
Farmland	$ 32,402	$ —	$ 1,083	$ —	$ 1,083	$ 33,485
Owner-occupied, nonfarm nonresidential properties	475,093	25,484	11,333	—	36,817	511,910
Agricultural production and other loans to farmers	1,652	—	—	—	—	1,652
Commercial and Industrial	653,981	52,030	20,431	—	72,461	726,442
Obligations (other than securities and leases) of states and political subdivisions	139,014	13,187	—	—	13,187	152,201
Other loans	25,507	—	—	—	—	25,507
Other construction loans and all land development and other land loans	338,746	—	1,612	—	1,612	340,358
Multifamily (5 or more) residential properties	303,554	1,346	797	—	2,143	305,697
Non-owner occupied, nonfarm nonresidential properties	957,254	3,008	23,771	—	26,779	984,033
Total	$ 2,927,203	$ 95,055	$ 59,027	$ —	$ 154,082	$ 3,081,285

The above table includes revisions to the pass, special mention, total non-pass and total columns disclosure as of December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of June 30, 2024. Current period originations may include modifications.

	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Farmland									
Risk rating									
Pass	$ 100	$ 3,196	$ 12,411	$ 6,652	$ 1,451	$ 7,309	$ 370	$ —	$ 31,489
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	723	—	—	723
Total	$ 100	$ 3,196	$ 12,411	$ 6,652	$ 1,451	$ 8,032	$ 370	$ —	$ 32,212
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Owner-occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 36,702	$ 66,499	$ 126,820	$ 104,608	$ 42,286	$ 112,359	$ 20,644	$ —	$ 509,918
Special mention	—	—	235	262	—	558	550	—	1,605
Substandard	83	1,143	4,856	696	13,902	2,738	187	—	23,605
Total	$ 36,785	$ 67,642	$ 131,911	$ 105,566	$ 56,188	$ 115,655	$ 21,381	$ —	$ 535,128
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 699	$ —	$ —	$ 699
Agricultural production and other loans to farmers									
Risk rating									
Pass	$ 71	$ 603	$ 31	$ 67	$ 52	$ 159	$ 578	$ —	$ 1,561
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 71	$ 603	$ 31	$ 67	$ 52	$ 159	$ 578	$ —	$ 1,561
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial and Industrial									
Risk rating									
Pass	$ 58,468	$ 58,990	$ 128,375	$ 78,154	$ 28,568	$ 20,312	$ 243,138	$ —	$ 616,005
Special mention	—	—	717	6	56	56	1,956	—	2,791
Substandard	435	2,429	455	3,781	54	2,643	30,814	—	40,611
Total	$ 58,903	$ 61,419	$ 129,547	$ 81,941	$ 28,678	$ 23,011	$ 275,908	$ —	$ 659,407
Current period gross write offs	$ —	$ —	$ 50	$ 264	$ 1	$ 21	$ 1,428	$ —	$ 1,764
Obligations (other than securities and leases) of states and political subdivisions									
Risk rating									
Pass	$ 2,645	$ 25,122	$ 16,348	$ 31,098	$ 11,710	$ 47,424	$ 3,241	$ —	$ 137,588
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	12,894	—	—	12,894
Total	$ 2,645	$ 25,122	$ 16,348	$ 31,098	$ 11,710	$ 60,318	$ 3,241	$ —	$ 150,482
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other loans									
Risk rating									
Pass	$ 730	$ 3,147	$ 12,183	$ 4,910	$ 1,571	$ 278	$ 3,507	$ —	$ 26,326
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 730	$ 3,147	$ 12,183	$ 4,910	$ 1,571	$ 278	$ 3,507	$ —	$ 26,326
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Other construction loans and all land development and other land loans									
Risk rating									
Pass	$ 41,997	$ 113,383	$ 179,308	$ 26,341	$ 923	$ 5,001	$ 6,212	$ —	$ 373,165
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	1,475	62	—	1,537
Total	$ 41,997	$ 113,383	$ 179,308	$ 26,341	$ 923	$ 6,476	$ 6,274	$ —	$ 374,702
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily (5 or more) residential properties									
Risk rating									
Pass	$ 23,701	$ 51,458	$ 145,526	$ 48,542	$ 22,091	$ 27,182	$ 469	$ —	$ 318,969
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	2,142	—	—	2,740	241	—	—	5,123
Total	$ 23,701	$ 53,600	$ 145,526	$ 48,542	$ 24,831	$ 27,423	$ 469	$ —	$ 324,092
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-owner occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 37,876	$ 203,659	$ 327,179	$ 189,900	$ 38,987	$ 158,157	$ 4,698	$ —	$ 960,456
Special mention	—	—	216	—	1,832	665	428	—	3,141
Substandard	—	770	1,059	—	5,715	5,444	1,656	—	14,644
Total	$ 37,876	$ 204,429	$ 328,454	$ 189,900	$ 46,534	$ 164,266	$ 6,782	$ —	$ 978,241
Current period gross write offs	$ —	$ —	$ 33	$ 296	$ —	$ —	$ 20	$ —	$ 349

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of December 31, 2023. Current period originations may include modifications. The following table presents the revisions to vintage loan disclosure at December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Farmland									
Risk rating									
Pass	$ 3,250	$ 12,897	$ 6,845	$ 1,465	$ 815	$ 6,828	$ 302	$ —	$ 32,402
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	306	—	—	777	—	—	1,083
Total	$ 3,250	$ 12,897	$ 7,151	$ 1,465	$ 815	$ 7,605	$ 302	$ —	$ 33,485
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Owner-occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 64,237	$ 125,894	$ 107,740	$ 44,286	$ 49,366	$ 73,649	$ 9,921	$ —	$ 475,093
Special mention	320	6,611	1,180	13,623	407	210	3,133	—	25,484
Substandard	848	—	696	292	6,738	2,593	166	—	11,333
Total	$ 65,405	$ 132,505	$ 109,616	$ 58,201	$ 56,511	$ 76,452	$ 13,220	$ —	$ 511,910
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 26	$ —	$ —	$ 26
Agricultural production and other loans to farmers									
Risk rating									
Pass	$ 703	$ 34	$ 89	$ 60	$ 5	$ 159	$ 602	$ —	$ 1,652
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 703	$ 34	$ 89	$ 60	$ 5	$ 159	$ 602	$ —	$ 1,652
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial and Industrial									
Risk rating									
Pass	$ 78,325	$ 140,178	$ 141,439	$ 33,475	$ 6,662	$ 14,709	$ 239,193	$ —	$ 653,981
Special mention	7,718	7,803	2,795	65	139	21	33,489	—	52,030
Substandard	—	385	4,281	396	3,476	1,655	10,238	—	20,431
Total	$ 86,043	$ 148,366	$ 148,515	$ 33,936	$ 10,277	$ 16,385	$ 282,920	$ —	$ 726,442
Current period gross write offs	$ 50	$ —	$ —	$ 191	$ —	$ —	$ 151	$ —	$ 392
Obligations (other than securities and leases) of states and political subdivisions									
Risk rating									
Pass	$ 24,964	$ 16,791	$ 31,768	$ 12,399	$ 4,190	$ 45,331	$ 3,571	$ —	$ 139,014
Special mention	—	—	—	—	—	13,187	—	—	13,187
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 24,964	$ 16,791	$ 31,768	$ 12,399	$ 4,190	$ 58,518	$ 3,571	$ —	$ 152,201
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other loans									
Risk rating									
Pass	$ 3,649	$ 12,211	$ 5,289	$ 1,809	$ 288	$ —	$ 2,261	$ —	$ 25,507
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 3,649	$ 12,211	$ 5,289	$ 1,809	$ 288	$ —	$ 2,261	$ —	$ 25,507
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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The following table presents the revisions to vintage loan disclosure at December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Other construction loans and all land development and other land loans									
Risk rating									
Pass	$ 92,321	$ 197,166	$ 23,484	$ 15,540	$ 1,706	$ 1,129	$ 7,400	$ —	$ 338,746
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	1,549	—	63	—	1,612
Total	$ 92,321	$ 197,166	$ 23,484	$ 15,540	$ 3,255	$ 1,129	$ 7,463	$ —	$ 340,358
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily (5 or more) residential properties									
Risk rating									
Pass	$ 49,566	$ 127,027	$ 70,261	$ 25,232	$ 10,928	$ 19,786	$ 754	$ —	$ 303,554
Special mention	1,346	—	—	—	—	—	—	—	1,346
Substandard	797	—	—	—	—	—	—	—	797
Total	$ 51,709	$ 127,027	$ 70,261	$ 25,232	$ 10,928	$ 19,786	$ 754	$ —	$ 305,697
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 65	$ —	$ —	$ 65
Non-owner occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 198,343	$ 332,733	$ 195,106	$ 42,216	$ 55,150	$ 125,532	$ 8,174	$ —	$ 957,254
Special mention	—	—	—	1,887	—	688	433	—	3,008
Substandard	778	1,134	488	5,911	3,266	10,484	1,710	—	23,771
Total	$ 199,121	$ 333,867	$ 195,594	$ 50,014	$ 58,416	$ 136,704	$ 10,317	$ —	$ 984,033
Current period gross write offs	$ —	$ 358	$ —	$ —	$ 88	$ —	$ 248	$ —	$ 694

The Corporation considers the performance of the loan portfolio and its impact on the allowance for credit losses. For 1-4 family construction, home equity lines of credit, residential mortgages secured by first liens, residential mortgages secured by junior liens, automobile, credit cards, other revolving credit plans and other consumer segments, the Corporation evaluates credit quality based on the performance status of the loan, which was previously presented, and by payment activity. Nonperforming loans include loans receivable on nonaccrual status and loans receivable past due over 89 days and still accruing interest.

	June 30, 2024			December 31, 2023		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
1-4 Family Construction	$ 20,408	$ —	$ 20,408	$ 28,055	$ —	$ 28,055
Home equity lines of credit	142,820	1,198	144,018	129,760	940	130,700
Residential Mortgages secured by first liens	1,000,628	5,535	1,006,163	999,996	5,339	1,005,335
Residential Mortgages secured by junior liens	97,861	224	98,085	91,117	123	91,240
Other revolving credit plans	41,275	84	41,359	42,796	81	42,877
Automobile	22,167	220	22,387	25,236	79	25,315
Other consumer	50,938	706	51,644	50,794	798	51,592
Total	$ 1,376,097	$ 7,967	$ 1,384,064	$ 1,367,754	$ 7,360	$ 1,375,114

The above table presents the revisions to the performing and total columns at December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

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The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of June 30, 2024. Current period originations may include modifications.

	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
1-4 Family Construction									
Payment performance									
Performing	$ 5,099	$ 9,843	$ 5,199	$ 213	$ —	$ 54	$ —	$ —	$ 20,408
Nonperforming	—	—	—	—	—	—	—	—	—
Total	$ 5,099	$ 9,843	$ 5,199	$ 213	$ —	$ 54	$ —	$ —	$ 20,408
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity lines of credit									
Payment performance									
Performing	$ 19,069	$ 28,861	$ 28,916	$ 11,127	$ 9,265	$ 33,476	$ 6,835	$ 5,271	$ 142,820
Nonperforming	—	—	—	—	—	—	13	1,185	1,198
Total	$ 19,069	$ 28,861	$ 28,916	$ 11,127	$ 9,265	$ 33,476	$ 6,848	$ 6,456	$ 144,018
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential mortgages secured by first lien									
Payment performance									
Performing	$ 41,846	$ 143,141	$ 234,274	$ 190,255	$ 138,107	$ 250,361	$ 2,644	$ —	$ 1,000,628
Nonperforming	—	461	502	990	521	3,025	36	—	5,535
Total	$ 41,846	$ 143,602	$ 234,776	$ 191,245	$ 138,628	$ 253,386	$ 2,680	$ —	$ 1,006,163
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 64	$ —	$ —	$ 64
Residential mortgages secured by junior liens									
Payment performance									
Performing	$ 14,823	$ 25,986	$ 25,181	$ 13,374	$ 6,262	$ 11,047	$ 1,188	$ —	$ 97,861
Nonperforming	—	18	130	—	—	35	41	—	224
Total	$ 14,823	$ 26,004	$ 25,311	$ 13,374	$ 6,262	$ 11,082	$ 1,229	$ —	$ 98,085
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other revolving credit plans									
Payment performance									
Performing	$ 7,286	$ 7,783	$ 7,427	$ 2,339	$ 5,238	$ 11,202	$ —	$ —	$ 41,275
Nonperforming	—	9	27	8	—	40	—	—	84
Total	$ 7,286	$ 7,792	$ 7,454	$ 2,347	$ 5,238	$ 11,242	$ —	$ —	$ 41,359
Current period gross write offs	$ —	$ —	$ —	$ 35	$ —	$ 64	$ —	$ —	$ 99
Automobile									
Payment performance									
Performing	$ 2,499	$ 10,374	$ 5,335	$ 1,721	$ 1,006	$ 1,232	$ —	$ —	$ 22,167
Nonperforming	36	108	64	3	5	4	—	—	220
Total	$ 2,535	$ 10,482	$ 5,399	$ 1,724	$ 1,011	$ 1,236	$ —	$ —	$ 22,387
Current period gross write offs	$ —	$ 8	$ 1	$ 9	$ 6	$ —	$ —	$ —	$ 24
Other consumer									
Payment performance									
Performing	$ 14,831	$ 19,220	$ 8,107	$ 3,564	$ 2,582	$ 2,634	$ —	$ —	$ 50,938
Nonperforming	22	345	196	82	7	54	—	—	706
Total	$ 14,853	$ 19,565	$ 8,303	$ 3,646	$ 2,589	$ 2,688	$ —	$ —	$ 51,644
Current period gross write offs	$ 10	$ 589	$ 343	$ 82	$ 14	$ 5	$ —	$ —	$ 1,043

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of December 31, 2023. The current period originations may include modifications, extensions and renewals. The below table presents the revisions to vintage loan disclosure at December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously.

	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
1-4 Family Construction									
Payment performance									
Performing	$ 16,968	$ 9,977	$ 251	$ —	$ 59	$ 1	$ 799	$ —	$ 28,055
Nonperforming	—	—	—	—	—	—	—	—	—
Total	$ 16,968	$ 9,977	$ 251	$ —	$ 59	$ 1	$ 799	$ —	$ 28,055
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity lines of credit									
Payment performance									
Performing	$ 27,110	$ 32,027	$ 11,437	$ 9,844	$ 6,781	$ 30,467	$ 7,479	$ 4,615	$ 129,760
Nonperforming	—	—	—	—	—	14	—	926	940
Total	$ 27,110	$ 32,027	$ 11,437	$ 9,844	$ 6,781	$ 30,481	$ 7,479	$ 5,541	$ 130,700
Current period gross write offs	$ —	$ —	$ —	$ —	$ 10	$ —	$ —	$ —	$ 10
Residential mortgages secured by first lien									
Payment performance									
Performing	$ 141,019	$ 238,242	$ 200,794	$ 144,676	$ 77,919	$ 194,185	$ 3,161	$ —	$ 999,996
Nonperforming	497	174	787	615	492	2,736	38	—	5,339
Total	$ 141,516	$ 238,416	$ 201,581	$ 145,291	$ 78,411	$ 196,921	$ 3,199	$ —	$ 1,005,335
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 22	$ 95	$ —	$ 117
Residential mortgages secured by junior liens									
Payment performance									
Performing	$ 28,685	$ 27,032	$ 14,204	$ 7,102	$ 3,888	$ 8,833	$ 1,373	$ —	$ 91,117
Nonperforming	—	38	—	—	—	42	43	—	123
Total	$ 28,685	$ 27,070	$ 14,204	$ 7,102	$ 3,888	$ 8,875	$ 1,416	$ —	$ 91,240
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other revolving credit plans									
Payment performance									
Performing	$ 8,684	$ 8,027	$ 2,732	$ 11,274	$ 1,634	$ 10,445	$ —	$ —	$ 42,796
Nonperforming	—	29	5	—	—	47	—	—	81
Total	$ 8,684	$ 8,056	$ 2,737	$ 11,274	$ 1,634	$ 10,492	$ —	$ —	$ 42,877
Current period gross write offs	$ —	$ —	$ 50	$ 4	$ 16	$ 49	$ —	$ —	$ 119
Automobile									
Payment performance									
Performing	$ 12,545	$ 6,800	$ 2,597	$ 1,472	$ 1,025	$ 797	$ —	$ —	$ 25,236
Nonperforming	16	51	—	7	5	—	—	—	79
Total	$ 12,561	$ 6,851	$ 2,597	$ 1,479	$ 1,030	$ 797	$ —	$ —	$ 25,315
Current period gross write offs	$ 18	$ 23	$ —	$ 8	$ 7	$ —	$ —	$ —	$ 56
Other consumer									
Payment performance									
Performing	$ 27,202	$ 12,261	$ 5,255	$ 3,107	$ 1,471	$ 1,498	$ —	$ —	$ 50,794
Nonperforming	283	330	116	12	6	51	—	—	798
Total	$ 27,485	$ 12,591	$ 5,371	$ 3,119	$ 1,477	$ 1,549	$ —	$ —	$ 51,592
Current period gross write offs	$ 210	$ 1,164	$ 467	$ 96	$ 33	$ 12	$ —	$ —	$ 1,982

	June 30, 2024	December 31, 2023
Credit card		
Payment performance		
Performing	$ 13,147	$ 11,753
Nonperforming	112	32
Total	$ 13,259	$ 11,785
Current period gross write offs	$ 40	$ 189

Holiday’s loan portfolio, included in other consumer loans above, is summarized as follows at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Gross other consumer	$ 28,576	$ 31,242
Less: other consumer unearned discounts	(5,026)	(5,696)
Total other consumer loans, net of unearned discounts	$ 23,550	$ 25,546

5. LEASES

Operating lease assets represent the Corporation's right to use an underlying asset during the lease term and operating lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at lease commencement based on the present value of the remaining lease payments using a discount rate that represents the Corporation's incremental borrowing rate at the lease commencement date. Operating lease cost, which is comprised of amortization of the operating lease asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term, and is recorded in net occupancy expense in the condensed consolidated statements of income.

The Corporation leases certain full-service branch offices, land, and equipment. Leases with an initial term of twelve months or less are not recorded on the balance sheet. Most leases include one or more options to renew and the exercise of the lease renewal options are at the Corporation's sole discretion. The Corporation includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Corporation will exercise the option. Certain lease agreements of the Corporation include rental payments adjusted periodically for changes in the consumer price index.

Leases	Classification	June 30, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease assets	$ 35,066	$ 35,699
Finance lease assets	Premises and equipment, net [1]	179	215
Total leased assets		$ 35,245	$ 35,914
Liabilities:			
Operating lease liabilities	Operating lease liabilities	$ 37,194	$ 37,650
Finance lease liabilities	Accrued interest payable and other liabilities	247	294
Total leased liabilities		$ 37,441	$ 37,944

[1] Finance lease assets are recorded net of accumulated amortization of $ 1.0 million as of June 30, 2024 and $ 1.0 million as of December 31, 2023.

The components of the Corporation's net lease expense for the three and six months ended June 30, 2024 and 2023, respectively, were as follows:

Lease Cost	Classification	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating lease cost	Net occupancy expense	$ 736	$ 782	$ 1,478	$ 1,479
Variable lease cost	Net occupancy expense	29	22	56	44
Finance lease cost:					
Amortization of leased assets	Net occupancy expense	18	18	36	36
Interest on lease liabilities	Interest expense - borrowed funds	3	4	6	8
Sublease income [(1)]	Net occupancy expense	(24)	(23)	(48)	(46)
Net lease cost		$ 762	$ 803	$ 1,528	$ 1,521

[(1)] Sublease income excludes rental income from owned properties.

The following table sets forth future minimum rental payments under noncancellable leases with initial terms in excess of one year as of June 30, 2024:

Maturity of Lease Liabilities as of June 30, 2024	Operating Leases [(1)]	Finance Leases	Total
2024	$ 1,238	$ 52	$ 1,290
2025	2,543	105	2,648
2026	2,533	105	2,638
2027	2,526	—	2,526
2028	2,582	—	2,582
After 2028	47,938	—	47,938
Total lease payments	59,360	262	59,622
Less: Interest	22,166	15	22,181
Present value of lease liabilities	$ 37,194	$ 247	$ 37,441

[(1)] Operating lease payments include payments related to options to extend lease terms that are reasonably certain of being exercised and exclude $ 14.9 million of legally binding minimum lease payments for leases signed, but not yet commenced.

Lease terms and discount rates related to the Corporation's lease liabilities as of June 30, 2024 and December 31, 2023 were as follows:

Lease Term and Discount Rate	June 30, 2024	December 31, 2023
Weighted-average remaining lease term (years)		
Operating leases	22.6	23.0
Finance leases	2.5	3.0
Weighted-average discount rate		
Operating leases	4.06 %	4.05 %
Finance leases	4.49 %	4.49 %

Other information related to the Corporation's lease liabilities as of June 30, 2024 and 2023, respectively, was as follows:

Other Information	June 30, 2024	June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 535	$ 603

6. DEPOSITS

The following table reflects time certificates of deposit accounts included in total deposits and their remaining maturities at June 30, 2024:

Time deposits maturing:		
2024	$	262,448
2025		226,582
2026		13,487
2027		6,538
2028		2,921
Thereafter		2,372
	$	514,348

Certificates of deposits of $250 thousand or more totaled $ 103.2 million and $100.2 million at June 30, 2024 and December 31, 2023, respectively.

The Corporation had $182.9 million in brokered deposits as of June 30, 2024 compared to $ 208.3 million at December 31, 2023. In addition, the Corporation had $778.2 million and $739.3 million in reciprocal deposits at June 30, 2024 and December 31, 2023, respectively.

7. BORROWINGS

At June 30, 2024 and December 31, 2023, the Corporation had available one $10.0 million unsecured line of credit with an unaffiliated institution. Borrowings under the line of credit bear interest at a variable rate equal to the Secured Overnight Finance Rate ("SOFR") plus 2.85%. There were no borrowings under the line of credit at June 30, 2024 and December 31, 2023.

Federal Home Loan Bank Borrowings

The Bank has the ability to borrow funds from the Federal Home Loan Bank of Pittsburgh ("FHLB"). The Bank maintains a $ 250.0 million line-of-credit (Open Repo Plus) with the FHLB which is a revolving term commitment available on an overnight basis. The term of this commitment may not exceed 364 days and it reprices daily at market rates. Under terms of a blanket collateral agreement with the FHLB, the line-of-credit and long term advances are secured by FHLB stock and the Bank pledges its single-family residential mortgage loan portfolio, certain commercial real estate loans, and certain agriculture real estate loans as security for any advances.

Total loans pledged to the FHLB at June 30, 2024, and December 31, 2023 were $ 2.0 billion and $1.8 billion, respectively. The Bank could obtain advances of up to approximately $1.1 billion from the FHLB at June 30, 2024 and $ 993.8 million at December 31, 2023.

At June 30, 2024 and December 31, 2023, there were no outstanding advances from the FHLB:

	June 30, 2024		December 31, 2023	
Open Repo borrowing at an interest rate of 5.67% and 5.68% at June 30, 2024 and December 31, 2023, respectfully. The maximum amount of the Open Repo borrowing available is $250,000.	$	—	$	—
Total	$	—	$	—

At June 30, 2024 and December 31, 2023, municipal deposit letters of credit issued by the FHLB on behalf of the Bank naming applicable municipalities as beneficiaries were $155.5 million and $155.7 million, respectively. The letters of credit were utilized in place of securities pledged to the municipalities for their deposits maintained at the Bank.

Federal Reserve Borrowings

In June 2023, the Bank was approved by the Federal Reserve Bank of Philadelphia (the "Federal Reserve") for its Borrower-in-Custody ("BIC") program. At June 30, 2024, the Bank had borrowing capacity through the Federal Reserve BIC program of $233.0 million. Borrowings under the BIC program are overnight advances with interest chargeable at the discount window ("primary credit") borrowing rate. At June 30, 2024, the Bank has pledged certain qualifying loans with an unpaid principal balance of $240.5 million and securities with a carrying value of $ 78.2 million as collateral.

At June 30, 2024 and December 31, 2023, the Bank had no borrowings from the Federal Reserve BIC program and discount window.

Other Borrowings

At June 30, 2024 and December 31, 2023, the Bank had no outstanding borrowings from unaffiliated institutions under overnight borrowing agreements.

Subordinated Debentures

In 2007, the Corporation issued two $10.0 million floating rate trust preferred securities as part of a pooled offering of such securities. The interest rate on each offering was determined quarterly and floated based upon three-month London Interbank Offered Rate ("LIBOR") plus 1.55%. Effective September 15, 2023, the interest rate calculation method was revised. The interest rate is now determined quarterly, and floats based on the three-month SOFR plus a credit spread adjustment of 0.26161% plus 1.55%. This change reflects the transition from LIBOR to SOFR as the reference rate. The all-in rate was 7.15% at June 30, 2024 and 7.20% at December 31, 2023. The Corporation issued subordinated debentures to the trusts in exchange for the proceeds of the offerings, which debentures represent the sole assets of the trusts. The subordinated debentures must be redeemed no later than 2037. The Corporation may redeem the debentures, in whole or in part, at face value at any time. The Corporation has the option to defer interest payments from time to time for a period not to exceed five consecutive years. Although the trusts are variable interest entities, the Corporation is not the primary beneficiary. As a result, because the trusts are not consolidated with the Corporation, the Corporation does not report the securities issued by the trusts as liabilities. Instead, the Corporation reports as liabilities the subordinated debentures issued by the Corporation and held by the trusts, since the liabilities are not eliminated in consolidation. The trust preferred securities were designated to qualify as Tier 1 capital under the Federal Reserve's capital guidelines.

Subordinated Notes

In June 2021, the Corporation sold $ 85.0 million aggregate principal amount of its fixed-to-floating rate subordinated notes to eligible purchasers in a private offering in reliance on the exemption from the registration requirements of Section 4(a)(2) of the Securities Act of 1933, as amended, and the provisions of Rule 506 of Regulation D thereunder. The notes will mature in June 2031, and initially bear interest at a fixed rate of 3.25% per annum, payable semi-annually in arrears, to, but excluding, June 15, 2026, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate will reset quarterly to an interest rate per annum equal to the then current three-month average SOFR plus 2.58%. The net proceeds from the sale were approximately $83.5 million, after deducting offering expenses. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. The unamortized debt issuance costs were $0.6 million and $0.7 million as of June 30, 2024 and December 31, 2023, respectively.

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8. RELATED PARTY TRANSACTIONS

Some of the Corporation's directors, executive officers, and their related interests had transactions with the Bank in the ordinary course of business. All loan and deposit transactions were made on substantially the same terms, such as interest rates and collateral, as those prevailing at the time for comparable transactions. In the opinion of management, these transactions do not involve more than the normal risk of collectability nor do they present other unfavorable features. It is anticipated that similar transactions will be entered into in the future.

Loans to principal officers, directors, and their affiliates during the three months ended June 30, 2024 were as follows:

Beginning balance	$	35,152
New loans and advances		87
Effect of changes in composition of related parties		2,741
Repayments		(9,685)
Ending balance	$	28,295

Loans to principal officers, directors, and their affiliates during the six months ended June 30, 2024 were as follows:

Beginning balance	$	40,129
New loans and advances		154
Effect of changes in composition of related parties		2,860
Repayments		(14,848)
Ending balance	$	28,295

Deposits from directors, executive officers, and their affiliates were $ 11.1 million and $11.4 million at June 30, 2024 and December 31, 2023, respectively.

9. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Financial Instruments with Off-Balance Sheet Risk

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the condensed consolidated balance sheets. The Corporation's exposure to credit loss in the event of nonperformance by the other party of the financial instrument for commitments to extend credit and standby letters of credit is represented by the contract or notional amount of those instruments. The Corporation uses the same credit policies for underwriting all loans, including these commitments and conditional obligations.

As of June 30, 2024 and December 31, 2023, the Corporation did not own or trade other financial instruments with significant off-balance sheet risk including derivatives such as futures, forwards, option contracts and the like, although such instruments may be appropriate to use in the future to manage interest rate risk. See Note 12, "Derivative Instruments," for a description of interest rate derivatives entered into by the Corporation.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. The contract or notional amount of these instruments reflects the maximum amount of future payments that the Corporation could be required to pay under the guarantees if there were a total default by the guaranteed parties, without consideration for possible recoveries under recourse provisions or from collateral held or pledged. In addition, many of these commitments are expected to expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements.

The Corporation's maximum obligation to extend credit for loan commitments (unfunded loans and unused lines of credit) and standby letters of credit outstanding as of June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024		December 31, 2023	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to extended credit	$ 109,587	$ 342,398	$ 111,526	$ 370,437
Unused lines of credit	22,707	828,504	11,219	789,534
Standby letters of credit	19,969	2,524	18,649	2,480

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

Allowance for Credit Losses on Unfunded Loan Commitments

The Corporation maintains an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans receivable, modified to take into account the probability of a draw-down on the commitment. The provision for credit losses on unfunded loan commitments is included in the provision for credit losses on the Corporation's condensed consolidated statements of income. The allowance for unfunded commitments is included in other liabilities in the condensed consolidated balance sheets. Note 4, "Loans Receivable and Allowance for Credit Losses," in the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to the loan portfolio of the Corporation.

The following table presents activity in the allowance for credit losses on unfunded loan commitments for the three and six months ended June 30, 2024 and 2023, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Beginning balance	$ 735	$ 662	$ 759	$ 603
Provision for credit losses on unfunded loan commitments [1]	87	56	63	115
Ending balance	$ 822	$ 718	$ 822	$ 718

[1] Excludes provision for credit losses related to the loan portfolio.

Investments in Small Business Investment Corporation and Community Development Entities

The Corporation makes investments in limited partnerships, including certain small business investment corporations and community development entities. Capital contributions for investments in small business companies ("SBIC") and community development entities ("CDE"), reported in FHLB and other restricted stock holdings and investments on the condensed consolidated balance sheet, as of June 30, 2024 and December 31, 2023 were $22.6 million and $21.7 million, respectively. Unfunded capital commitments in investments in SBICs and CDEs totaled $ 5.9 million and $6.8 million as of June 30, 2024 and December 31, 2023, respectively. These investments are accounted for under the equity method of accounting.

Investments in Qualified Affordable Housing Project Investments

The carrying value of investments in the low income housing partnerships, reported in FHLB and other restricted stock holdings and investments on the condensed consolidated balance sheet, as of June 30, 2024 and December 31, 2023 were $7.6 million and $3.8 million, respectively. The related amortization for the three and six months ended June 30, 2024 was $177 thousand and $355 thousand, respectively, and for the three and six months ended June 30, 2023 were $187 thousand and $373 thousand, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the condensed consolidated balance sheets, as of June 30, 2024 and December 31, 2023 were $3.7 million and $796 thousand, respectively.

Investments in Federal and State Rehabilitation/Historic Tax Credit

From time to time, the Corporation invests in certain limited partnerships that were formed to provide certain federal and state rehabilitation/historic tax credits. The carrying value of these investments, reported in FHLB and other restricted stock holdings and investments on the condensed consolidated balance sheet, as of June 30, 2024 and December 31, 2023 were $4.1 million and zero, respectively. The investments do not have any related amortization for the three and six months ended June 30, 2024 and 2023, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the condensed consolidated balance sheets, as of June 30, 2024 and December 31, 2023 were $3.2 million and zero, respectively.

Litigation

The Corporation is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Corporation.

10. STOCK COMPENSATION

The Corporation has a stock incentive plan, which is administered by a committee of the Board of Directors and which permits the Corporation to provide various types of stock-based compensation to its key employees, directors, and/or consultants, including time-based and performance-based shares of restricted stock. The Corporation previously maintained the CNB Financial Corporation 2009 Stock Incentive Plan, which terminated in accordance with its terms on February 10, 2019, and currently maintains the CNB Financial Corporation 2019 Omnibus Incentive Plan (the "2019 Stock Incentive Plan"), which was approved by the Corporation’s shareholders and became effective on April 16, 2019.

The 2019 Stock Incentive Plan provides for up to 507,671 shares of common stock to be awarded in the form of nonqualified options or restricted stock. For key employees, the vesting of time-based restricted stock is one-third, one-fourth, or one-fifth of the granted restricted shares per year, beginning one year after the grant date, with 100% vesting on the third, fourth or fifth anniversary of the grant date, respectively. Stock compensation received by non-employee directors vests immediately.

At June 30, 2024, there was no unrecognized compensation cost related to stock-based compensation awarded under this plan and, except for the time-based and performance-based restricted stock awards disclosed below and in previous filings, no other stock-based compensation was granted during the three and six months ended June 30, 2024 and 2023.

Compensation expense for the restricted stock awards is recognized over the requisite service period based on the fair value of the shares at the date of grant on a straight-line basis. Non-vested restricted stock awards are recorded as a reduction of additional paid-in-capital in shareholders’ equity until earned. Compensation expense resulting from time-based, performance-based and director restricted stock awards was $482 thousand and $1.4 million for the three and six months ended June 30, 2024, respectively, and $345 thousand and $961 thousand for the three and six months ended June 30, 2023, respectively. The total income tax benefit related to the recognized compensation cost of vested restricted stock awards was $101 thousand and $287 thousand for the three and six months ended June 30, 2024, respectively, and $ 72 thousand and $202 thousand for the three and six months ended June 30, 2023, respectively.

A summary of changes in time-based unvested restricted stock awards for the three months ended June 30, 2024 follows:

	Shares	Per Share Weighted Average Grant Date Fair Value
Unvested at beginning of period	193,187	$ 22.42
Granted	—	—
Forfeited	(2,518)	22.96
Vested	(631)	21.79
Unvested at end of period	190,038	$ 22.42

A summary of changes in time-based unvested restricted stock awards for the six months ended June 30, 2024 follows:

	Shares	Per Share Weighted Average Grant Date Fair Value
Unvested at beginning of period	124,934	$ 24.09
Granted	112,828	21.26
Forfeited	(4,961)	22.82
Vested	(42,763)	24.17
Unvested at end of period	190,038	$ 22.42

The above table excludes 18,029 shares in restricted stock awards that were granted to the Corporation's Board of Directors at a weighted average fair value of $21.35 and immediately vested. As of June 30, 2024 and December 31, 2023, there was $ 3.7 million and $2.1 million, respectively, of total unrecognized compensation cost related to non-vested shares granted under the 2019 Stock Incentive Plan. The fair value of shares vested was $11 thousand and $1.4 million during the three and six months ended June 30, 2024, respectively, and $ 4 thousand and $938 thousand during the three and six months ended June 30, 2023, respectively.

In addition to the time-based restricted stock disclosed above, the Corporation’s Board of Directors grants performance-based restricted stock awards ("PBRSAs") to key employees. The number of PBRSAs will depend on certain performance conditions earned over a three year period and are also subject to service-based vesting. In 2024, awards with a maximum of 29,992 shares in aggregate were granted to key employees. In 2023, awards with a maximum of 23,124 shares in aggregate were granted to key employees. In 2022, awards with a maximum of 13,761 shares in aggregate were granted to key employees.

In 2023, the 2021 PBRSAs were fully earned and in 2024, 9,667 shares were fully distributed. The fair value of the shares distributed in 2024 was $206 thousand.

11. EARNINGS PER COMMON SHARE

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted average number of common shares determined for the basic computation plus the dilutive effect of potential common shares issuable under certain stock compensation plans. For the three and six months ended June 30, 2024 and 2023, there were no outstanding stock options to include in the diluted earnings per common share calculations.

Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per common share pursuant to the two-class method. The Corporation has determined that its outstanding non-vested time-based restricted stock awards are participating securities.

The computation of basic and diluted earnings per common share is shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Basic earnings per common share computation:				
Net income per condensed consolidated statements of income	$ 11,882	$ 12,752	$ 23,407	$ 28,166
Net earnings allocated to participating securities	(101)	(74)	(192)	(154)
Net earnings allocated to common stock	$ 11,781	$ 12,678	$ 23,215	$ 28,012
Distributed earnings allocated to common stock	$ 3,642	$ 3,650	$ 7,288	$ 7,322
Undistributed earnings allocated to common stock	8,139	9,028	15,927	20,690
Net earnings allocated to common stock	$ 11,781	$ 12,678	$ 23,215	$ 28,012
Weighted average common shares outstanding, including shares considered participating securities	21,005	21,033	20,992	21,087
Less: Average participating securities	(174)	(116)	(165)	(108)
Weighted average shares	20,831	20,917	20,827	20,979
Basic earnings per common share	$ 0.57	$ 0.61	$ 1.12	$ 1.34
Diluted earnings per common share computation:				
Net earnings allocated to common stock	$ 11,781	$ 12,678	$ 23,215	$ 28,012
Weighted average common shares outstanding for basic earnings per common share	20,831	20,917	20,827	20,979
Add: Dilutive effect of stock compensation	62	40	63	40
Weighted average shares and dilutive potential common shares	20,893	20,957	20,890	21,019
Diluted earnings per common share	$ 0.56	$ 0.61	$ 1.11	$ 1.33

12. DERIVATIVE INSTRUMENTS

On September 7, 2018, the Corporation executed an interest rate swap agreement with a 5-year term and an effective date of September 15, 2018 in order to hedge cash flows associated with $10.0 million of a subordinated trust preferred security that was issued by the Corporation during 2007 and elected cash flow hedge accounting for the agreement. The Corporation's objective in using this derivative is to add stability to interest expense and to manage its exposure to interest rate risk. The interest rate swap involves the receipt of variable-rate amounts in exchange for fixed-rate payments from September 15, 2018 to September 15, 2023 without the exchange of the underlying notional amount. The swap expired on September 15, 2023 and was not renewed.

As of June 30, 2024 and December 31, 2023, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Corporation does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges.

The following tables provide information about the amounts and locations of activity related to the interest rate swaps designated as cash flow hedges within the Corporation's condensed consolidated statements of income for the three and six months ended June 30, 2024 and 2023:

For the Three Months Ended June 30, 2024	(a)	(b)	(c)	(d)	(e)
Interest rate contracts	$ —	Interest expense – subordinated notes and debentures	$ —	Other income	$ —
For the Six Months Ended June 30, 2024	(a)	(b)	(c)	(d)	(e)
Interest rate contracts	$ —	Interest expense – subordinated notes and debentures	$ —	Other income	$ —
For the Three Months Ended June 30, 2023	(a)	(b)	(c)	(d)	(e)
Interest rate contracts	$ (31)	Interest expense – subordinated notes and debentures	$ (51)	Other income	$ —
For the Six Months Ended June 30, 2023	(a)	(b)	(c)	(d)	(e)
Interest rate contracts	$ (68)	Interest expense – subordinated notes and debentures	$ (96)	Other income	$ —

(a) Amount of Gain or (Loss) Recognized in Other Comprehensive Loss on Derivative (Effective Portion), net of tax

(b) Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)

(c) Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)

(d) Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)

(e) Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)

Derivatives on Behalf of Customers

The Corporation entered into certain interest rate swap contracts that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Corporation enters into an interest rate swap with a customer while at the same time entering into an offsetting interest rate swap with another financial institution. In connection with each swap transaction, the Corporation agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. Concurrently, the Corporation agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The transaction allows the Corporation's customers to effectively convert a variable rate loan to a fixed rate. Because the Corporation acts as an intermediary for its customer, changes in the fair value of the underlying derivative contracts offset each other and do not impact the Corporation's results of operations.

The Corporation pledged cash collateral to another financial institution with a balance of $ 13 thousand as of June 30, 2024 and $ 173 thousand as of December 31, 2023. This balance is included in cash and cash equivalents due from banks on the condensed consolidated balance sheets. The Corporation may require its customers to post cash or securities as collateral on its program of back-to-back swaps depending upon the specific facts and circumstances surrounding each loan and individual swap. In addition, certain language is included in the International Swaps and Derivatives Association agreement and loan documents where, in default situations, the Corporation is permitted to access collateral supporting the loan relationship to recover any losses suffered on the derivative asset or liability. The Corporation may be required to post additional collateral to swap counterparties in the future in proportion to potential increases in unrealized loss positions. Effective on September 30, 2023 the Corporation amended all of the back-to-back swap contracts to reference the 1-month SOFR plus a credit spread adjustment of 11.448 basis points "Fallback SOFR."

The following table provides information about the amounts and locations of activity related to the back-to-back interest rate swaps within the Corporation's condensed consolidated balance sheet as of June 30, 2024 and December 31, 2023:

	Notional Amount	Fair Value			
		Asset		Liability	
June 30, 2024	$ 58,899	$ 1,434	(a)	$ 1,434	(b)
December 31, 2023	$ 21,302	$ 1,013	(a)	$ 1,013	(b)

(a) Reported in accrued interest receivable and other assets within the condensed consolidated balance sheets

(b) Reported in accrued interest payable and other liabilities within the condensed consolidated balance sheets

Risk Participation Agreements

The Corporation's existing credit derivatives result from participation in or out of interest rate swaps provided by or to external lenders as part of loan participation arrangements, therefore, are not used to manage interest rate risk in the Corporation's assets or liabilities. Derivatives not designated as hedges are not speculative and result from a service the Corporation provides to certain lenders which participate in loans.

The Corporation entered into Risk Participation Agreement ("RPA") swaps with other financial institutions related to loans in which the Corporation is a participant in. The RPA provides credit protection to the financial institution should the borrower fail to perform on its interest rate derivative contract with the financial institution. The notional amount of this contingent agreement is $21.5 million as of June 30, 2024 and $ 21.7 million as of December 31, 2023.

The Corporation entered into RPA swaps with other financial institutions related to loans in which the Corporation is a participant out. The RPA provides credit protection to the Corporation should the borrower fail to perform on its interest rate derivative contract with the financial institution. The notional amount of this contingent agreement is $25.5 million as of June 30, 2024 and zero as of December 31, 2023.

The fair value of the RPAs swaps was $ 17 thousand and $49 thousand as of June 30, 2024 and December 31, 2023, respectively, and is reported in accrued interest payable and other liabilities within the condensed consolidated balance sheets.

13. FAIR VALUE

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The following three levels of inputs are used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Corporation used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Loans Held for Sale: Loans held for sale are carried at the lower of cost or fair value, which is evaluated on a loan-level basis. The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors (Level 2).

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). The Corporation's derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices, and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions, and third-party pricing services.

Individually Evaluated Loans: The fair value of individually evaluated loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals prepared by third-parties. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Management also adjusts appraised values based on the length of time that has passed since the appraisal date and other factors. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Individually evaluated loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the allowance policy.

Assets and liabilities measured at fair value on a recurring basis are as follows at June 30, 2024 and December 31, 2023:

		Fair Value Measurements at June 30, 2024 Using:		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities Available-For-Sale:				
U.S. Government sponsored entities	$ 19,620	$ 14,627	$ 4,993	$ —
States and political subdivisions	91,373	—	91,373	—
Residential and multi-family mortgage	199,074	—	199,074	—
Corporate notes and bonds	40,338	—	40,338	—
Pooled SBA	9,495	—	9,495	—
Total Securities Available-For-Sale	$ 359,900	$ 14,627	$ 345,273	$ —
Interest Rate swaps	$ 1,434	$ —	$ 1,434	$ —
Equity Securities:				
Corporate equity securities	$ 6,004	$ 6,004	$ —	$ —
Mutual funds	1,657	1,657	—	—
Money market funds	409	409	—	—
Corporate notes	1,584	—	1,584	—
Total Equity Securities	$ 9,654	$ 8,070	$ 1,584	$ —
Liabilities:				
Interest Rate Swaps	$ (1,434)	$ —	$ (1,434)	$ —

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Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value Measurements at December 31, 2023 Using:			
Assets:				
Securities Available-For-Sale:				
U.S. Government sponsored entities	$ 4,988	$ 4,988	$ —	$ —
States and political subdivisions	91,809	—	91,809	—
Residential and multi-family mortgage	191,519	—	191,519	—
Corporate notes and bonds	43,139	—	43,139	—
Pooled SBA	10,500	—	10,500	—
Total Securities Available-For-Sale	$ 341,955	$ 4,988	$ 336,967	$ —
Interest Rate swaps	$ 1,013	$ —	$ 1,013	$ —
Equity Securities:				
Corporate equity securities	$ 5,341	$ 5,341	$ —	$ —
Mutual funds	2,223	2,223	—	—
Money market funds	1,103	1,103	—	—
Corporate notes	634	—	634	—
Total Equity Securities	$ 9,301	$ 8,667	$ 634	$ —
Liabilities:				
Interest Rate Swaps	$ (1,013)	$ —	$ (1,013)	$ —

Assets and liabilities measured at fair value on a non-recurring basis are as follows at June 30, 2024 and December 31, 2023:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value Measurements at June 30, 2024 Using		
Assets:				
Collateral-dependent loans receivable:				
Farmland	$ 430	$ —	$ —	$ 430
Owner-occupied, nonfarm nonresidential properties	3,656	—	—	3,656
Commercial and industrial	4,489	—	—	4,489
Other construction loans and all land development loans and other land loans	1,225	—	—	1,225
Multifamily (5 or more) residential properties	300	—	—	300
Non-owner occupied, nonfarm nonresidential	6,546	—	—	6,546
Home equity lines of credit	293	—	—	293
Residential Mortgages secured by first liens	823	—	—	823

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Description	Total	Fair Value Measurements at December 31, 2023 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral-dependent loans receivable:				
Farmland	$ 736	$ —	$ —	$ 736
Owner-occupied, nonfarm nonresidential properties	5,589	—	—	5,589
Commercial and industrial	7,425	—	—	7,425
Other construction loans and all land development loans and other land loans	1,299	—	—	1,299
Multifamily (5 or more) residential properties	305	—	—	305
Non-owner occupied, nonfarm nonresidential	7,216	—	—	7,216
Home equity lines of credit	308	—	—	308
Residential mortgages secured by first liens	871	—	—	871

A loan is considered to be a collateral dependent loan when, based on current information and events, the Corporation expects repayment of the financial assets to be provided substantially through the operation or sale of the collateral and the Corporation has determined that the borrower is experiencing financial difficulty as of the measurement date. The allowance for credit losses is measured by estimating the fair value of the loan based on the present value of expected cash flows, the market price of the loan, or the underlying fair value of the loan's collateral. For real estate loans, fair value of the loan's collateral is determined by third-party appraisals, which are then adjusted for the estimated selling and closing costs related to liquidation of the collateral. For this asset class, the actual valuation methods (income, sales comparable, or cost) vary based on the status of the project or property. For example, land is generally based on the sales comparable method while construction is based on the income and/or sales comparable methods. The unobservable inputs may vary depending on the individual assets with no one of the three methods being the predominant approach. The Corporation reviews the third-party appraisal for appropriateness and may adjust the value downward to consider selling and closing costs. For non-real estate loans, fair value of the loan's collateral may be determined using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at June 30, 2024:

	Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:				
Farmland	$ 430	Valuation of third party appraisal on underlying collateral	Loss severity rates	33% (33%)
Owner-occupied, nonfarm nonresidential properties	3,656	Valuation of third party appraisal on underlying collateral	Loss severity rates	32%-100% (38%)
Commercial and industrial	4,489	Valuation of third party appraisal on underlying collateral	Loss severity rates	5%-55% (34%)
Other construction loans and all land development loans and other land loans	1,225	Valuation of third party appraisal on underlying collateral	Loss severity rates	34% (34%)
Multifamily (5 or more) residential properties	300	Valuation of third party appraisal on underlying collateral	Loss severity rates	32% (32%)
Non-owner occupied, nonfarm nonresidential	6,546	Valuation of third party appraisal on underlying collateral	Loss severity rates	30%-87% (56%)
Home equity lines of credit	293	Valuation of third party appraisal on underlying collateral	Loss severity rates	19%-21% (19%)
Residential Mortgages secured by first liens	823	Valuation of third party appraisal on underlying collateral	Loss severity rates	21%-46% (35%)

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2023:

	Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:				
Farmland	$ 736	Valuation of third party appraisal on underlying collateral	Loss severity rates	29%-31% (30%)
Owner-occupied, nonfarm nonresidential properties	5,589	Valuation of third party appraisal on underlying collateral	Loss severity rates	9%-100% (14%)
Commercial and industrial	7,425	Valuation of third party appraisal on underlying collateral	Loss severity rates	8%-75% (31%)
Other construction loans and all land development loans and other land loans	1,299	Valuation of third party appraisal on underlying collateral	Loss severity rates	32% (32%)
Multifamily (5 or more) residential properties	305	Valuation of third party appraisal on underlying collateral	Loss severity rates	28% (28%)
Non-owner occupied, nonfarm nonresidential	7,216	Valuation of third party appraisal on underlying collateral	Loss severity rates	32%-48% (43%)
Home equity lines of credit	308	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-17% (15%)
Residential mortgages secured by first liens	871	Valuation of third party appraisal on underlying collateral	Loss severity rates	17%-42% (31%)

Fair Value of Financial Instruments

The following table presents the carrying amount and fair value of financial instruments at June 30, 2024:

	Carrying Amount	Fair Value Measurement Using: Level 1	Level 2	Level 3	Total Fair Value
ASSETS					
Cash and cash equivalents	$ 331,145	$ 331,145	$ —	$ —	$ 331,145
Debt securities available-for-sale	359,900	14,627	345,273	—	359,900
Debt securities held-to-maturity	354,569	84,643	241,679	—	326,322
Equity securities	9,654	8,070	1,584	—	9,654
Loans held for sale	642	—	651	—	651
Net loans receivable	4,434,160	—	—	4,296,269	4,296,269
FHLB and other restricted stock holdings and investments	39,415	n/a	n/a	n/a	n/a
Interest rate swaps	1,434	—	1,434	—	1,434
Accrued interest receivable	25,197	442	2,420	22,336	25,197
LIABILITIES					
Deposits	$ (5,110,845)	$ (4,596,497)	$ (516,941)	$ —	$ (5,113,438)
Subordinated notes and debentures	(105,039)	—	(130,792)	—	(130,792)
Interest rate swaps	(1,434)	—	(1,434)	—	(1,434)
Accrued interest payable	(6,852)	—	(6,852)	—	(6,852)

The following table presents the carrying amount and fair value of financial instruments at December 31, 2023:

	Carrying Amount	Fair Value Measurement Using: Level 1	Level 2	Level 3	Total Fair Value
ASSETS					
Cash and cash equivalents	$ 222,046	$ 222,046	$ —	$ —	$ 222,046
Debt securities available-for-sale	341,955	4,988	336,967	—	341,955
Debt securities held-to-maturity	388,968	104,141	256,429	—	360,570
Equity securities	9,301	8,667	634	—	9,301
Loans held for sale	675	—	677	—	677
Net loans receivable	4,422,644	—	—	4,323,476	4,323,476
FHLB and other restricted stock holdings and investments	30,011	n/a	n/a	n/a	n/a
Interest rate swaps	1,013	—	1,013	—	1,013
Accrued interest receivable	24,318	410	2,319	21,589	24,318
LIABILITIES					
Deposits	$ (4,998,750)	$ (4,492,256)	$ (508,181)	$ —	$ (5,000,437)
Subordinated notes and debentures	(104,887)	—	(134,298)	—	(134,298)
Interest rate swaps	(1,013)	—	(1,013)	—	(1,013)
Accrued interest payable	(3,550)	—	(3,550)	—	(3,550)

While estimates of fair value are based on management’s judgment of the most appropriate factors as of the balance sheet dates, there is no assurance that the estimated fair values would have been realized if the assets had been disposed of or the liabilities settled at that date, since market values may differ depending on various circumstances. The estimated fair values would also not apply to subsequent dates. The fair value of other equity interests is based on the net asset values provided by the underlying investment partnership. ASU 2015-7 removes the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share practical expedient and related disclosures. In addition, other assets and liabilities that are not financial instruments, such as premises and equipment, are not included in the disclosures.

Also, non-financial assets such as, among other things, the estimated earnings power of core deposits, the earnings potential of trust accounts, the trained workforce, and customer goodwill, which typically are not recognized on the balance sheet, may have value but are not included in the fair value disclosures.

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

GENERAL OVERVIEW

The following discussion and analysis of the condensed consolidated financial statements of the Corporation is presented to provide insight into management's assessment of financial results. The terms "we", "us" and "our" refer to CNB Financial Corporation and its subsidiaries. The financial condition and results of operations of the Corporation and its consolidated subsidiaries are not necessarily indicative of future performance.

The Corporation's subsidiary, CNB Bank, provides financial services to individuals and businesses. The Bank franchise's primary market areas are the Pennsylvania counties of Blair, Cambria, Centre, Clearfield, Elk, Indiana, Jefferson, and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie, and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake, and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow, and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie and Niagara. Ridge View Bank, a division of the Bank, operates in the Virginia counties of Botetourt, Craig, Franklin, New River Valley, and Roanoke. Impressia Bank, a division of the Bank, operates in the Bank's primary market areas. Although the Corporation's strategies, through the Bank, are executed based on the divisions discussed above, the Bank is a single Pennsylvania-chartered bank whereby all divisions of the Bank conduct their business on a doing business as basis.

In addition to the Bank, the Corporation has four other subsidiaries. CNB Securities Corporation is incorporated in Delaware and currently maintains investments in debt and equity securities. CNB Insurance Agency, incorporated in Pennsylvania, provides for the sale of nonproprietary annuities and other insurance products. CNB Risk Management, Inc., incorporated in Delaware, is a captive insurance company that insures against certain risks unique to the operations of the Corporation and its subsidiaries and for which insurance may not be currently available or economically feasible in today's insurance marketplace. Holiday Financial Services Corporation, incorporated in Pennsylvania, offers small balance unsecured loans and secured loans, primarily collateralized by automobiles and equipment, to borrowers with higher risk characteristics.

The following discussion should be read in conjunction with the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2023, included the 2023 Form 10-K, and in conjunction with the condensed consolidated financial statements and notes thereto included in Item 1 of this report. Operating results for the three and six months ended June 30, 2024 are not necessarily indicative of the results for the full year ending December 31, 2024, or any future period.

NON-GAAP FINANCIAL INFORMATION

This report contains references to financial measures that are not defined in GAAP. Management uses non-GAAP financial information in its analysis of the Corporation's performance. Management believes that these non-GAAP measures provide a greater 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. The Corporation's management believes that investors may use these non-GAAP measures to analyze the Corporation's financial performance without the impact of unusual items or events that may obscure trends in the Corporation's underlying performance. This non-GAAP data should be considered in addition to results prepared in accordance with GAAP, and is not a substitute for, or superior to, GAAP results. Limitations associated with non-GAAP financial measures include the risks that persons might disagree as to the appropriateness of items included in these measures and that different companies might calculate these measures differently.

Non-GAAP measures reflected within the discussion below include:

- Tangible book value per share;
- Tangible common equity/tangible assets;
- Net interest margin (fully tax-equivalent basis);
- Efficiency ratio;
- Pre-provision net revenue ("PPNR");
- Return on average tangible common equity; and

A reconciliation of these non-GAAP financial measures is provided below in the "Non-GAAP Financial Measures" section.

PRIMARY FACTORS USED TO EVALUATE PERFORMANCE

Management considers return on average assets, return on average equity, return on average tangible common equity, earnings per common share, tangible book value per common share, asset quality, net interest margin, and other metrics as key measures of the financial performance of the Corporation. The interest rate environment will continue to play an important role in the future earnings of the Corporation. To address the challenging interest rate and competitive environments, the Corporation continues to evaluate, develop and implement strategies necessary to support its ongoing financial performance objectives and future growth goals. Additionally, management frequently evaluates the potential impact of economic and geopolitical events that may have an impact on the credit risk profile of its customers and develops proactive strategies to mitigate such potential impacts on the Corporation's loan portfolio.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled $331.1 million at June 30, 2024, including additional excess liquidity of $271.9 million held at the Federal Reserve, compared to $222.0 million at December 31, 2023. These excess funds, when combined with collective contingent liquidity resources of $4.5 billion including (i) available borrowing capacity from the FHLB and the Federal Reserve, and (ii) available unused commitments from brokered deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, result in the total on-hand and contingent liquidity sources for the Corporation to be approximately 5.0 times the estimated amount of adjusted uninsured deposit balances.

Management believes the liquidity needs of the Corporation are satisfied primarily by the current balance of cash and cash equivalents, customer and brokered deposits, FHLB financing, the portions of the securities and loan portfolios that mature within one year, and other third-party funding channels. The Corporation expects that these sources of funds will enable it to meet cash obligations and off-balance sheet commitments as they come due. In addition to the above noted liquidity sources, the Corporation maintains access to the Federal Reserve discount window.

SECURITIES

AFS debt securities and equity securities combined totaled $369.6 million and $351.3 million at June 30, 2024 and December 31, 2023, respectively. At June 30, 2024, the total balance of investments classified as HTM debt securities was $354.6 million compared to $389.0 million at December 31, 2023.

The Corporation's objective is to maintain the investment securities portfolio at an appropriate level to balance the earnings and liquidity provided by the portfolio. Note 3, "Securities," to the condensed consolidated financial statements provides more detail concerning the composition of the Corporation's securities portfolio and the process for evaluating securities for impairment.

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of AFS debt securities as of June 30, 2024. Weighted-average yields have been computed on a fully taxable-equivalent basis using a tax rate of 21%. Mortgage-backed securities are included in maturity categories based on their stated maturity date.

	June 30, 2024									
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield
U.S. Government Sponsored Entities	$ 14,627	4.86 %	$ 4,993	5.57 %	$ —	— %	$ —	— %	$ 19,620	5.04 %
State and Political Subdivisions	5,456	3.32	30,993	2.57	38,946	2.14	15,978	2.29	91,373	2.38
Residential and multi-family mortgage	4	6.10	15,865	3.07	18,427	1.85	164,778	2.08	199,074	2.14
Corporate notes and bonds	6,661	4.19	6,581	4.75	27,096	4.49	—	—	40,338	4.48
Pooled SBA	11	5.50	456	4.99	7,612	2.50	1,416	2.14	9,495	2.57
Total	$ 26,759	4.38 %	$ 58,888	3.22 %	$ 92,081	2.80 %	$ 182,172	2.10 %	$ 359,900	2.63 %

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of HTM debt securities as of June 30, 2024.

	June 30, 2024									
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield
U.S. Government Sponsored Entities	$ 72,735	1.58 %	$ 172,567	1.57 %	$ 28,005	1.88 %	$ —	— %	$ 273,307	1.60 %
Residential and multi-family mortgage	3,005	2.60	433	2.85	1,939	3.24	75,885	2.61	81,262	2.63
Total	$ 75,740	1.62 %	$ 173,000	1.57 %	$ 29,944	1.97 %	$ 75,885	2.61 %	$ 354,569	1.84 %

The following table summarizes the weighted average modified duration of AFS securities as of June 30, 2024.

	Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities	1.06
State and Political Subdivisions	5.46
Residential and multi-family mortgage	6.28
Corporate notes and bonds	4.03
Pooled SBA	2.50
Total	5.43

The following table summarizes the weighted average modified duration of securities HTM as of June 30, 2024.

	Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities	2.31
Residential and multi-family mortgage	6.07
Total	3.17

The portfolio contains no holdings of a single issuer that exceeds 10% of shareholders’ equity other than U.S. government sponsored entities.

The Corporation generally purchases debt securities over time and does not attempt to "time" its transactions, which allows for more efficient management of fluctuations in the interest rate environment. The Corporation's strategy given the current environment is to focus on lower risk securities and shorter durations that complement the current portfolio investment ladder, coupled with consistent reinvestment of cash flows to replace lower earning assets.

The Corporation monitors the earnings performance and the effectiveness of the liquidity of the securities portfolio on a regular basis through meetings of the Asset/Liability Committee ("ALCO"). The ALCO also reviews and manages interest rate risk for the Corporation. Through active balance sheet management and analysis of the securities portfolio, a sufficient level of liquidity is maintained to satisfy depositor requirements and various credit needs of our customers.

LOANS RECEIVABLE

Note 4, "Loans Receivable and Allowance for Credit Losses," to the condensed consolidated financial statements provides more detail concerning the loan portfolio of the Corporation.

At June 30, 2024, loans, excluding the impact of syndicated loans, totaled $4.4 billion, representing an increase of $66.0 million, or 1.51% year to date increase (3.05% annualized), from December 31, 2023. The increase in loans was primarily driven by qualitative commercial and industrial growth in the Columbus market and continued new relationship growth in the Corporation's recent expansion market of Cleveland, and growth in the Corporation's Private Banking division with notable activity in the Roanoke market.

At June 30, 2024, the Corporation's condensed consolidated balance sheet reflected a decrease in syndicated lending balances of $54.8 million compared to December 31, 2023, primarily resulting from scheduled paydowns or early payoffs of certain syndicated loans. The syndicated loan portfolio totaled $53.9 million, or 1.20% of total loans, at June 30, 2024, compared to $108.7 million, or 2.43% of total loans at December 31, 2023. The Corporation is closely managing the level of its syndicated loan portfolio as it focuses more resources on organic loan growth from its customer relationships.

Loan Origination/Risk Management

The Corporation has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and nonperforming and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions. The Corporation has not underwritten any hybrid loans, payment option loans, or low documentation/no documentation loans. Variable rate loans are generally underwritten at the fully indexed rate. Loan underwriting policies and procedures have not changed materially between any periods presented. As discussed more fully above, syndicated loan purchases are underwritten utilizing the same process as the Corporation's originated loans.

The Corporation continues to explore the credit and reputational risks associated with climate change and their potential impact on the foregoing, while closely monitoring regulatory developments on climate risk. This includes, among other things, researching and developing a formalized approach to considering climate change related risks in the Corporation's underwriting processes. This approach will be impacted, in part, by the accessibility and reliability of both customer climate risk data and climate risk data in general. One of the objectives of these efforts is to enable the Corporation to better understand the climate change related risks associated with the Corporation's customers' business activities and to be able to monitor their response to those risks and their ultimate impact on the Corporation's customers.

Loan Portfolio Profile

As part of its lending policy and risk management activities, the Corporation tracks lending exposure by industry classification and type to determine potential risks associated with industry concentrations, and whether any risk issues could lead to additional credit loss exposure. In the current post-pandemic and inflationary economic environment, the Corporation has evaluated its exposure to the office, hospitality, and multifamily industries within its commercial real estate portfolio. Even given the Corporation's historically sound underwriting protocols and high credit quality ratings for borrowers in these industries, the Corporation monitors numerous relevant sensitivity elements at both underwriting and through and beyond the funding period, including projects occupancy, loan-to-value, absorption and cap rates, debt service coverage and covenant compliance, and developer/lessor financial strength both in the project and globally. At June 30, 2024, the Corporation had the following key metrics related to its office, hospitality and multifamily portfolios:

- Commercial office loans
    - There were 116 outstanding loans, totaling $118.7 million, or 2.65%, of the Corporation loans outstanding;
    - There were no nonaccrual commercial office loans at June 30, 2024; and
    - The average outstanding balance per commercial office loan was $1.0 million.

- Commercial hospitality loans
    - There were 171 outstanding loans, totaling $298.7 million, or 6.67%, of total Corporation loans outstanding;
    - There were no nonaccrual commercial hospitality loans at June 30, 2024; and
    - The average outstanding balance per commercial hospitality loan was $1.7 million.

- Commercial multifamily loans
    - There were 217 outstanding loans, totaling $281.6 million, or 6.29%, of total Corporation loans outstanding;
    - Nonaccrual commercial multifamily loans (two customer relationship) totaled $541 thousand, or 0.19% of total multifamily loans outstanding. The two customer relationship did not have a related specific loss reserve at June 30, 2024; and
    - The average outstanding balance per commercial multifamily loan was $1.3 million.

The following table summarize the geographic region (based upon metropolitan statistical areas) in which the commercial office, hospitality and multifamily loans were originated as of June 30, 2024:

	June 30, 2024
Commercial Office	
Geographic Region:	
Cleveland, OH	27.20 %
Buffalo, NY	32.10
Cincinnati, OH	9.40
Columbus, OH	8.10
All other geographical regions	23.20
Total Commercial Office	100.00 %
Commercial Hospitality	
Geographic Region:	
Buffalo, NY	16.80 %
Pittsburgh, PA	16.00
Columbus, OH	19.90
Erie & Meadville, PA	4.20
All other geographical regions	43.10
Total Commercial Hospitality	100.00 %
Commercial Multifamily	
Geographic Region:	
Cleveland, OH	26.30 %
Buffalo, NY	19.00
Columbus, OH	27.20
All other geographical regions	27.50
Total Commercial Multifamily	100.00 %

The Corporation had no commercial office, hospitality or multifamily loan relationships considered by the banking regulators to be a high volatility commercial real estate credit.

Maturities and Sensitivities of Loans Receivable to Changes in Interest Rate

The following table presents the maturity distribution of the Corporation's loans receivable at June 30, 2024. The table also presents the portion of loans receivable that have fixed interest rates or variable interest rates that fluctuate over the life of the loans in accordance with changes in an interest rate index.

	June 30, 2024				
	Due in One Year or Less	After One, but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
Loans Receivable with Fixed Interest Rate					
Farmland	$ 64	$ 1,901	$ 7,233	$ —	$ 9,198
Owner-occupied, nonfarm nonresidential properties	24,126	28,045	18,721	5,661	76,553
Agricultural production and other loans to farmers	16	103	—	—	119
Commercial and Industrial	16,512	205,736	27,518	—	249,766
Obligations (other than securities and leases) of states and political subdivisions	522	17,034	79,833	8,206	105,595
Other loans	229	218	642	12,733	13,822
Other construction loans and all land development and other land loans [(1)]	26,637	50,537	9,333	220	86,727
Multifamily (5 or more) residential properties	7,590	33,815	2,839	4,307	48,551
Non-owner occupied, nonfarm nonresidential properties	50,577	114,968	50,028	787	216,360
1-4 Family Construction [(1)]	—	—	—	1,554	1,554
Home equity lines of credit	—	52	423	249	724
Residential Mortgages secured by first liens	2,648	32,690	215,772	131,664	382,774
Residential Mortgages secured by junior liens	71	7,832	64,830	16,406	89,139
Other revolving credit plans	8	12	16	1	37
Automobile	469	16,813	5,105	—	22,387
Other consumer	4,240	33,329	8,298	5,542	51,409
Credit cards	—	—	—	—	—
Overdrafts	—	—	—	—	—
Total	$ 133,709	$ 543,085	$ 490,591	$ 187,330	$ 1,354,715
Loans Receivable with Variable or Floating Interest Rate					
Farmland	$ 1,851	$ 2,320	$ 10,967	$ 7,876	$ 23,014
Owner-occupied, nonfarm nonresidential properties	34,284	70,050	297,304	56,937	458,575
Agricultural production and other loans to farmers	749	48	645	—	1,442
Commercial and Industrial	265,810	89,283	53,297	1,251	409,641
Obligations (other than securities and leases) of states and political subdivisions	2,600	3,053	18,278	20,956	44,887
Other loans	883	3,364	8,257	—	12,504
Other construction loans and all land development and other land loans [(1)]	76,916	92,551	108,667	9,841	287,975
Multifamily (5 or more) residential properties	29,793	67,145	174,061	4,542	275,541
Non-owner occupied, nonfarm nonresidential properties	63,397	255,083	390,109	53,292	761,881
1-4 Family Construction [(1)]	5,460	755	2,402	10,237	18,854
Home equity lines of credit	7,266	6,584	45,224	84,220	143,294
Residential Mortgages secured by first liens	12,815	31,634	140,325	438,615	623,389
Residential Mortgages secured by junior liens	2,175	600	5,315	856	8,946
Other revolving credit plans	2,253	5,686	31,829	1,554	41,322
Automobile	—	—	—	—	—
Other consumer	1	63	110	61	235
Credit cards	13,259	—	—	—	13,259
Overdrafts	218	—	—	—	218
Total	$ 519,730	$ 628,219	$ 1,286,790	$ 690,238	$ 3,124,977

[(1)] 1-4 family construction loans and other construction loans and all land development and other land loans segments include loans that are construction to permanent loans in which the loan segment will change when the construction period has concluded.

Loans Receivable Concentration

At June 30, 2024, no industry concentration existed which exceeded 10% of the total loan portfolio.

Loans Receivable Credit Quality

The following table presents information concerning the loan portfolio delinquency and other nonperforming assets at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Nonaccrual loans	$ 34,788	$ 29,639
Accrual loans greater than 90 days past due	112	55
Total nonperforming loans	34,900	29,694
Other real estate owned	1,641	2,111
Total nonperforming assets	$ 36,541	$ 31,805
Total loans receivable	$ 4,479,692	$ 4,468,476
Nonaccrual loans as a percentage of total loans receivable	0.78 %	0.66 %
Total assets	$ 5,886,571	$ 5,752,957
Nonperforming assets as a percentage of total assets	0.62 %	0.55 %
Allowance for credit losses on loans receivable	$ 45,532	$ 45,832
Allowance for credit losses / Total loans	1.02 %	1.03 %
Ratio of allowance for credit losses to nonaccrual loans	130.88 %	154.63 %

Total nonperforming assets were $36.5 million, or 0.62% of total assets, as of June 30, 2024, compared to $31.8 million, or 0.55% of total assets, as of December 31, 2023. In addition, the allowance for credit losses as a percentage of nonaccrual loans was 130.88% at June 30, 2024, compared to 154.63% at December 31, 2023. The increase in nonperforming assets was primarily due to two relationships. The first relationship was a commercial and industrial relationship totaling $3.1 million with a specific reserve balance of $1.2 million, and the second relationship was an owner-occupied commercial real estate relationship totaling $4.6 million with a specific reserve balance of $1.2 million. Management does not believe there is risk of significant additional loss exposures beyond the specific reserves related to these loan relationships.

The Corporation has established written lending policies and procedures that require underwriting standards, loan documentation, and credit analysis standards to be met prior to funding a loan. Subsequent to the funding of a loan, ongoing review of credits is required. Credit reviews are performed quarterly by an outsourced loan review firm and cover approximately 65% of the commercial loan portfolio on an annual basis. In addition, the external independent loan review firm reviews past due loans and all significant classified assets and nonaccrual loans annually.

Potential problem loans consist of loans that are performing in accordance with contractual terms but for which management has concerns about the ability of a borrower to continue to comply with contractual repayment terms because of the borrower’s potential operating or financial difficulties. Management monitors these "watchlist" loans monthly to determine potential losses within the commercial loan portfolio. The "watchlist" is comprised of all credits risk rated special mention, substandard and doubtful.

ALLOWANCE FOR CREDIT LOSSES

The amount of each allowance for credit losses account represents management's best estimate of current expected credit losses on these financial instruments considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Relevant available information includes historical credit loss experience, current conditions, and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant internal and external factors. While management utilizes its best judgment and information available, the ultimate adequacy of the Corporation's allowance for credit losses account is dependent upon a variety of factors beyond the Corporation's control, including the performance of the Corporation's loan portfolios, the economy, changes in interest rates, and the view of the regulatory authorities toward classification of assets. The adequacy of the allowance for credit losses is subject to a formal analysis by the Credit Administration and Finance Departments of the Corporation. For additional information regarding the Corporation's accounting policies related to credit losses, refer to Note 1, "Summary of Significant Accounting Policies" to the consolidated financial statements in the 2023 Form 10-K and Note 4, "Loans Receivable and Allowance for Credit Losses" to these condensed consolidated financial statements elsewhere in this report.

The tables below provide an allocation of the allowance for credit losses on loans receivable by loan portfolio segment at June 30, 2024 and December 31, 2023; however, allocation of a portion of the allowance for credit losses to one segment does not preclude its availability to absorb losses in other segments.

	June 30, 2024			
	Amount of Allowance Allocated	Percent of Loans in Each Category to Total Loans Receivable	Total Loans Receivable	Ratio of Allowance Allocated to Loans Receivable in Each Category
Farmland	$ 154	0.7 %	$ 32,212	0.48 %
Owner-occupied, nonfarm nonresidential properties	5,000	11.9	535,128	0.93
Agricultural production and other loans to farmers	8	—	1,561	0.51
Commercial and Industrial	7,113	14.7	659,407	1.08
Obligations (other than securities and leases) of states and political subdivisions	2,554	3.4	150,482	1.70
Other loans	403	0.6	26,326	1.53
Other construction loans and all land development and other land loans	3,114	8.4	374,702	0.83
Multifamily (5 or more) residential properties	1,410	7.2	324,092	0.44
Non-owner occupied, nonfarm nonresidential properties	9,718	21.8	978,241	0.99
1-4 Family Construction	147	0.5	20,408	0.72
Home equity lines of credit	1,035	3.2	144,018	0.72
Residential Mortgages secured by first liens	8,934	22.5	1,006,163	0.89
Residential Mortgages secured by junior liens	1,598	2.2	98,085	1.63
Other revolving credit plans	934	0.9	41,359	2.26
Automobile	287	0.5	22,387	1.28
Other consumer	2,802	1.2	51,644	5.43
Credit cards	103	0.3	13,259	0.78
Overdrafts	218	—	218	100.00
Total	$ 45,532	100.0 %	$ 4,479,692	1.02 %

	December 31, 2023			
	Amount of Allowance Allocated	Percent of Loans in Each Category to Total Loans Receivable	Total Loans Receivable	Ratio of Allowance Allocated to Loans Receivable in Each Category
Farmland	$ 138	0.8 %	$ 33,485	0.41 %
Owner-occupied, nonfarm nonresidential properties	4,131	11.5	511,910	0.81
Agricultural production and other loans to farmers	7	—	1,652	0.42
Commercial and Industrial	9,500	16.3	726,442	1.31
Obligations (other than securities and leases) of states and political subdivisions	2,627	3.4	152,201	1.73
Other loans	389	0.6	25,507	1.53
Other construction loans and all land development and other land loans	2,830	7.6	340,358	0.83
Multifamily (5 or more) residential properties	1,251	6.8	305,697	0.41
Non-owner occupied, nonfarm nonresidential properties	9,783	22.0	984,033	0.99
1-4 Family Construction	191	0.6	28,055	0.68
Home equity lines of credit	844	2.9	130,700	0.65
Residential Mortgages secured by first liens	8,274	22.5	1,005,335	0.82
Residential Mortgages secured by junior liens	1,487	2.0	91,240	1.63
Other revolving credit plans	977	1.0	42,877	2.28
Automobile	360	0.6	25,315	1.42
Other consumer	2,656	1.1	51,592	5.15
Credit cards	95	0.3	11,785	0.81
Overdrafts	292	—	292	100.00
Total	$ 45,832	100.0	$ 4,468,476	1.03 %

The above table includes revisions to the amount of allowance allocated and total loans receivable columns disclosure as of December 31, 2023 to reflect the revisions for the applicable portfolio segments as described previously in Note 4, "Loans Receivable and Allowance for Credit Losses."

The allowance for credit losses measured as a percentage of total loans receivable was 1.02% as of June 30, 2024 and 1.03% as of December 31, 2023.

The Corporation's allowance for credit losses is influenced by loan volumes, risk rating migration, delinquency status and other internal and external conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions and other external factors.

For the six months ended June 30, 2024, the allowance for credit losses decreased $300 thousand. The growth in the Corporation's loan portfolio in new market areas was offset by improvements in the Corporation's historical loss rates, as well as the impact of net charge-offs. Significant uncertainty persists regarding the domestic and global economy, tightening credit conditions, persistent inflation, and higher interest rates. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Note 4, "Loans Receivable and Allowance for Credit Losses," to the condensed consolidated financial statements provides further disclosure of loan balances by portfolio segment as of June 30, 2024 and December 31, 2023.

Additional information related to provision for credit loss expense and net charge-offs and recoveries for the three months ended June 30, 2024 and 2023 is presented in the tables below.

	Three Months Ended June 30, 2024			
	Provision (Benefit) for Credit Losses on Loans Receivable [(1)]	Net (Charge-Offs) Recoveries	Average Loans Receivable	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
Farmland	$ 19	$ —	$ 32,056	— %
Owner-occupied, nonfarm nonresidential properties	622	(95)	531,487	(0.07)
Agricultural production and other loans to farmers	—	—	1,748	—
Commercial and Industrial	(186)	(1,674)	669,929	(1.01)
Obligations (other than securities and leases) of states and political subdivisions	17	—	154,967	—
Other loans	25	—	26,289	—
Other construction loans and all land development and other land loans	(1,141)	—	481,769	—
Multifamily (5 or more) residential properties	343	—	261,660	—
Non-owner occupied, nonfarm nonresidential properties	1,282	(349)	887,762	(0.16)
1-4 Family Construction	(156)	—	37,528	—
Home equity lines of credit	136	2	138,760	0.01
Residential Mortgages secured by first liens	566	—	994,936	—
Residential Mortgages secured by junior liens	167	—	95,058	—
Other revolving credit plans	147	(67)	39,284	(0.69)
Automobile	(4)	(13)	22,838	(0.23)
Other consumer	591	(500)	50,513	(3.98)
Credit cards	13	(8)	14,810	(0.22)
Overdrafts	63	(100)	239	(168.28)
Total	$ 2,504	$ (2,804)	$ 4,441,633	(0.25) %

[(1)] Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

	Six Months Ended June 30, 2024			
	Provision (Benefit) for Credit Losses on Loans Receivable [(1)]	Net (Charge-Offs) Recoveries	Average Loans Receivable	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
Farmland	$ 16	$ —	$ 32,145	— %
Owner-occupied, nonfarm nonresidential properties	1,551	(682)	520,421	(0.26)
Agricultural production and other loans to farmers	1	—	1,702	—
Commercial and Industrial	(671)	(1,716)	688,380	(0.50)
Obligations (other than securities and leases) of states and political subdivisions	(73)	—	154,606	—
Other loans	14	—	25,843	—
Other construction loans and all land development and other land loans	284	—	485,311	—
Multifamily (5 or more) residential properties	159	—	255,955	—
Non-owner occupied, nonfarm nonresidential properties	284	(349)	878,686	(0.08)
1-4 Family Construction	(44)	—	42,756	—
Home equity lines of credit	188	3	135,661	—
Residential Mortgages secured by first liens	724	(64)	991,936	(0.01)
Residential Mortgages secured by junior liens	111	—	93,520	—
Other revolving credit plans	36	(79)	40,296	(0.39)
Automobile	(53)	(20)	23,589	(0.17)
Other consumer	1,136	(990)	50,330	(3.96)
Credit cards	40	(32)	13,861	(0.46)
Overdrafts	145	(219)	248	(177.58)
Total	$ 3,848	$ (4,148)	$ 4,435,246	(0.19) %

[(1)] Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

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	Three Months Ended June 30, 2023			
	Provision (Benefit) for Credit Losses on Loans Receivable [1]	Net (Charge-Offs) Recoveries	Average Loans Receivable	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
Farmland	$ 11	$ —	$ 35,337	— %
Owner-occupied, nonfarm nonresidential properties	598	7	501,569	0.01
Agricultural production and other loans to farmers	2	—	1,176	—
Commercial and Industrial	(284)	—	795,253	—
Obligations (other than securities and leases) of states and political subdivisions	458	—	153,073	—
Other loans	139	—	25,699	—
Other construction loans and all land development and other land loans	197	—	425,830	—
Multifamily (5 or more) residential properties	(924)	2	269,986	—
Non-owner occupied, nonfarm nonresidential properties	966	(248)	823,863	(0.12)
1-4 Family Construction	10	—	55,939	—
Home equity lines of credit	(191)	2	123,123	0.01
Residential Mortgages secured by first liens	396	3	954,036	—
Residential Mortgages secured by junior liens	303	—	82,916	—
Other revolving credit plans	125	(24)	40,931	(0.24)
Automobile	51	(5)	25,837	(0.08)
Other consumer	411	(411)	48,108	(3.43)
Credit cards	11	(12)	13,263	(0.36)
Overdrafts	70	(103)	284	(145.47)
Total	$ 2,349	$ (789)	$ 4,376,223	(0.07) %

[1] Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

	Six Months Ended June 30, 2023			
	Provision (Benefit) for Credit Losses on Loans Receivable [1]	Net (Charge-Offs) Recoveries	Average Loans Receivable	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
Farmland	$ (19)	$ —	$ 35,009	— %
Owner-occupied, nonfarm nonresidential properties	257	(11)	497,408	—
Agricultural production and other loans to farmers	(1)	—	1,169	—
Commercial and Industrial	(1,206)	99	801,180	0.02
Obligations (other than securities and leases) of states and political subdivisions	443	—	150,303	—
Other loans	277	—	25,287	—
Other construction loans and all land development and other land loans	338	—	415,776	—
Multifamily (5 or more) residential properties	(677)	(63)	260,806	(0.05)
Non-owner occupied, nonfarm nonresidential properties	1,572	(248)	801,355	(0.06)
1-4 Family Construction	81	—	55,023	—
Home equity lines of credit	(207)	3	123,641	—
Residential Mortgages secured by first liens	770	(4)	945,707	—
Residential Mortgages secured by junior liens	543	—	79,700	—
Other revolving credit plans	250	(41)	39,306	(0.21)
Automobile	115	(10)	24,227	(0.08)
Other consumer	804	(908)	48,038	(3.81)
Credit cards	78	(73)	12,796	(1.15)
Overdrafts	162	(219)	292	(151.24)
Total	$ 3,580	$ (1,475)	$ 4,317,023	(0.07) %

[1] Excludes provision for credit losses related to unfunded commitments. Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Provision for credit losses was $2.6 million and $3.9 million for the three and six months ended June 30, 2024, respectively, compared to $2.4 million and $3.7 million for the three and six months ended June 30, 2023, respectively. Included in the provision for credit losses for the three and six months ended June 30, 2024 was $87 thousand and $63 thousand, respectively, related to the allowance for unfunded commitments compared to $56 and $115 thousand accrual towards the allowance for unfunded commitments for the three and six months ended June 30, 2023, respectively.

DEPOSITS

The Corporation's sources of funds are deposits, borrowings, amortization and repayment of loan principal, interest earned on or maturation of investment securities, and funds provided from operations. The Corporation considers deposits to be its primary source of funding in support of growth in assets.

	June 30, 2024	Percent of Deposits in Each Category to Total Deposits	December 31, 2023	Percent of Deposits in Each Category to Total Deposits	Percentage Change in Each Category 2024 vs. 2023
Demand, noninterest-bearing	$ 762,918	14.9 %	$ 728,881	14.6 %	4.7%
Demand, interest-bearing	693,074	13.6	803,093	16.1	(13.7)
Savings deposits	3,140,505	61.4	2,960,282	59.2	6.1
Time deposits	514,348	10.1	506,494	10.1	1.6
Total deposits	$ 5,110,845	100.0 %	$ 4,998,750	100.0 %	2.2%

At June 30, 2024, total deposits were $5.1 billion, reflecting an increase of $112.1 million, or 2.24%, from December 31, 2023. The increase in deposit balances was primarily attributable to an increase in business and retail deposits. In addition, the total number of deposit households increased by approximately 1.46% from December 31, 2023.

The following table sets forth the average balances of and the average rates paid on deposits for the periods indicated.

	Three Months Ended June 30,			
	2024		2023	
	Average Amount	Annual Rate	Average Amount	Annual Rate
Demand, noninterest-bearing	$ 761,270	— %	$ 793,686	— %
Demand, interest-bearing	713,431	0.76	888,804	0.62
Savings deposits	3,097,598	3.57	2,608,232	2.82
Time deposits	510,649	3.93	550,188	2.82
Total	$ 5,082,948		$ 4,840,910	

	Six Months Ended June 30,			
	2024		2023	
	Average Amount	Annual Rate	Average Amount	Annual Rate
Demand, noninterest-bearing	$ 749,124	— %	$ 813,382	— %
Demand, interest-bearing	726,681	0.70	912,345	0.55
Savings deposits	3,031,438	3.52	2,476,442	2.53
Time deposits	517,287	3.78	520,666	2.61
Total	$ 5,024,530		$ 4,722,835	

At June 30, 2024, the average deposit balance per account for the Bank was approximately $33 thousand. The Bank had increases in municipal deposits, as well as retail customer household deposits, including those added after the 2023 launches of (i) the Bank's "At Ease" account, a service for U.S. service member and veteran families, and (ii) the Corporation's women-focused banking division, Impressia Bank.

The following table presents additional information about our June 30, 2024 and December 31, 2023 deposits:

	June 30, 2024	December 31, 2023
Time deposits not covered by deposit insurance	$ 41,956	$ 44,665
Total deposits not covered by deposit insurance	1,511,974	1,438,944

At June 30, 2024, the total estimated uninsured deposits for the Bank were approximately $1.5 billion, or approximately 29.00% of total Bank deposits. However, when excluding $101.4 million of affiliate company deposits and $460.7 million of pledged-investment collateralized deposits, the adjusted amount and percentage of total estimated uninsured deposits was approximately $949.8 million, or approximately 18.22% of total Bank deposits as of June 30, 2024.

At December 31, 2023, the total estimated uninsured deposits for the Bank were approximately $1.4 billion, or approximately 28.21% of total Bank deposits. However, when excluding affiliate company deposits of $101.3 million and pledged-investment collateralized deposits of $400.5 million, the adjusted amount and percentage of total estimated uninsured deposits was approximately $937.1 million, or approximately 18.37% of total Bank deposits as of December 31, 2023.

Scheduled maturities of time deposits not covered by deposit insurance at June 30, 2024 were as follows:

	June 30, 2024
3 months or less	$ 10,724
Over 3 through 6 months	11,164
Over 6 through 12 months	15,168
Over 12 months	4,900
Total	$ 41,956

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Liquidity measures an organization’s ability to meet its cash obligations as they come due. The liquidity of a financial institution reflects its ability to meet loan requests, to accommodate possible outflows in deposits and to take advantage of interest rate market opportunities. The ability of a financial institution to meet its current financial obligations is a function of its balance sheet structure, its ability to liquidate assets and its access to alternative sources of funds.

The Corporation’s expected material cash requirements for the twelve months ended June 30, 2025 and thereafter consist of withdrawals by depositors, credit commitments to borrowers, shareholder dividends, share repurchases, operating expenses, and capital expenditures that are pursuant to the Corporation's strategic initiatives. The Corporation expects to satisfy these short-term and long-term cash requirements through deposit growth, principal and interest payments from loans and investment securities, maturing loans and investment securities, as well as by maintaining access to wholesale funding sources.

The objective of the Corporation's liquidity management is to manage cash flow and liquidity reserves so that they are adequate to fund the Corporation's operations and to meet cash obligations and other commitments on a timely basis and at a reasonable cost. The Corporation seeks to achieve this objective and ensure that funding needs are met by maintaining an appropriate level of liquid funds through asset/liability management, which includes managing the mix and time to maturity of financial assets and financial liabilities on its balance sheet. The Corporation's liquidity position is enhanced by its ability to raise additional funds as needed in the wholesale markets.

Asset liquidity is provided by liquid assets which are readily marketable or pledgeable or which will mature in the near future. Liquid assets include cash, interest-bearing deposits in banks, including the Federal Reserve, and AFS debt securities. Liability liquidity is provided by access to funding sources which include core deposits, correspondent banks and other wholesale funding sources.

The Corporation's liquidity position is continuously monitored and adjustments are made to the balance between sources and uses of funds as deemed appropriate. Liquidity risk management is an important element in the Corporation's asset/liability management process. The Corporation regularly models liquidity stress scenarios to assess potential liquidity outflows or potential funding shortfalls resulting from economic disruptions, volatility in the financial markets, unexpected credit events or other significant occurrences deemed problematic by management. These scenarios are incorporated into the Corporation's contingency funding plan, which provides the basis for the identification of its liquidity needs.

At June 30, 2024, the Corporation’s cash and cash equivalents position was approximately $331.1 million, including liquidity of $271.9 million held at the Federal Reserve. These excess funds, when combined with $4.5 billion in (i) available borrowing capacity from the FHLB and the Federal Reserve, and (ii) available unused commitments from brokered deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, result in the total on-hand and contingent liquidity sources for the Corporation to be approximately 5.0 times the estimated amount of adjusted uninsured deposit balances discussed above.

The following table summarizes the Corporation's net available liquidity and borrowing capacities as of June 30, 2024:

	Net Available
FHLB borrowing capacity [1]	$ 1,092,648
Federal Reserve borrowing capacity [2]	412,717
Brokered deposits [3]	1,939,380
Other third-party funding channels [3] [4]	1,016,320
Total net available liquidity and borrowing capacity	$ 4,461,065

[1] Availability contingent on the FHLB activity-based stock ownership requirement

[2] Includes access to discount window and BIC program

[3] Availability contingent on internal borrowing guidelines

[4] Availability contingent on correspondent bank approvals at time of borrowing

As of June 30, 2024, management is not aware of any events that are reasonably likely to have a material adverse effect on the Corporation's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on the Corporation.

In the ordinary course of business, the Corporation has entered into contractual obligations and have made other commitments to make future payments. Refer to the accompanying notes to condensed consolidated financial statements elsewhere in this report for the expected timing of such payments as of June 30, 2024. The Corporation’s material contractual obligations as of June 30, 2024 consist of (i) long-term borrowings - Note 7, "Borrowings," (ii) operating leases - Note 5, "Leases," (iii) time deposits with stated maturity dates - Note 6, "Deposits," and (iv) commitments to extend credit and standby letters of credit - Note 9, "Off-Balance Sheet Commitments and Contingencies."

Shareholders’ Equity, Capital Ratios and Metrics

As of June 30, 2024, the Corporation’s total shareholders’ equity was $586.7 million, representing an increase of $15.5 million, or 2.71%, from December 31, 2023, primarily due to an increase in the Corporation's retained earnings (net income, partially offset by the common and preferred dividends paid).

The Corporation has complied with the standards of capital adequacy mandated by government regulations. Bank regulators have established "risk-based" capital requirements designed to measure capital adequacy. Risk-based capital ratios reflect the relative risks of various assets banks hold in their portfolios. A weight category (0% for the lowest risk assets and increasing for each tier of higher risk assets) is assigned to each asset on the balance sheet.

As of June 30, 2024 all of the Corporation's capital ratios exceeded regulatory "well-capitalized" levels. The Corporation's capital ratios and book value per common share at June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024	December 31, 2023
Total risk-based ratio	16.20 %	15.99 %
Tier 1 risk-based ratio	13.41 %	13.20 %
Common equity tier 1 ratio	11.71 %	11.49 %
Tier 1 leverage ratio	10.56 %	10.54 %
Common shareholders' equity/total assets	8.99 %	8.93 %
Tangible common equity/tangible assets [1]	8.30 %	8.22 %
Book value per common share	$ 25.19	$ 24.57
Tangible book value per common share [1]	$ 23.09	$ 22.46

[1] Tangible common equity, tangible assets and tangible book value per common share are non-GAAP financial measures calculated using GAAP amounts. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets and preferred equity from the calculation of shareholders' equity. Tangible assets is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets. Tangible book value per common share is calculated by dividing tangible common equity by the number of shares outstanding. The Corporation believes that these non-GAAP financial measures provide information to investors that is useful in understanding its financial condition. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies. A reconciliation of these non-GAAP financial measures is provided in the "Non-GAAP Financial Measures" section in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

At June 30, 2024, the Corporation's pre-tax net unrealized losses on available-for-sale and held-to-maturity securities totaled approximately $84.1 million, or 14.33% of total shareholders' equity, compared to $82.2 million, or 14.40% of total shareholders' equity at December 31, 2023. The change is unrealized losses was primarily due to changes in the yield curve during the first and second quarters of 2024 compared to 2023, relative to the Corporation's scheduled bond maturities. Importantly, all regulatory capital ratios for the Corporation would exceed regulatory "well-capitalized" levels as of both June 30, 2024 and December 31, 2023 if the net unrealized losses at the respective dates were fully recognized. Additionally, the Corporation maintained $100.5 million of liquid funds at its holding company, which more than covers the $84.1 million in unrealized losses on investments held primarily in its wholly-owned banking subsidiary, as an immediately available source of contingent capital to be down-streamed to the Bank, if necessary.

AVERAGE BALANCES, INTEREST RATES AND YIELDS

The loans receivable categories used to monitor and analyze interest income and yields are different than the portfolio segments used to determine the allowance for credit losses for loans receivable. The allowance for credit losses was calculated by pooling loans of similar credit risk characteristics and credit monitoring procedures. See Note 4, "Loans Receivable and Allowance for Credit Losses," for more information about pooling of loans receivable for the allowance for credit losses.

The following table presents average balances of certain measures of our financial condition and net interest margin for the three months ended June 30, 2024 and 2023:

	Average Balances, Income and Interest Rates on a Taxable Equivalent Basis					
	For the Three Months Ended,					
	June 30, 2024			June 30, 2023		
	Average Balance	Annual Rate	Interest Inc./Exp.	Average Balance	Annual Rate	Interest Inc./Exp.
ASSETS:						
Securities:						
Taxable [1] [4]	$ 702,036	2.09 %	$ 3,941	$ 730,224	1.89 %	$ 3,700
Tax-exempt [1] [2] [4]	25,088	2.59	178	30,274	2.59	209
Equity securities [1] [2]	6,963	5.72	99	10,107	7.22	182
Total securities [4]	734,087	2.14	4,218	770,605	1.99	4,091
Loans receivable:						
Commercial [2] [3]	1,416,476	6.85	24,133	1,512,107	6.46	24,342
Mortgage and loans held for sale [2] [3]	2,897,473	6.15	44,331	2,735,693	5.73	39,089
Consumer [3]	127,684	12.17	3,863	128,423	11.46	3,670
Total loans receivable [3]	4,441,633	6.55	72,327	4,376,223	6.15	67,101
Interest-bearing deposits with the Federal Reserve and other financial institutions	289,925	5.99	4,321	91,643	6.05	1,383
Total earning assets	5,465,645	5.89	$ 80,866	5,238,471	5.50	$ 72,575
Noninterest-bearing assets:						
Cash and cash equivalents due from banks	53,710			55,632		
Premises and equipment	112,386			108,296		
Other assets	268,930			250,019		
Allowance for credit losses	(45,693)			(44,471)		
Total non interest-bearing assets	389,333			369,476		
TOTAL ASSETS	$ 5,854,978			$ 5,607,947		
LIABILITIES AND SHAREHOLDERS' EQUITY:						
Demand—interest-bearing	$ 713,431	0.76 %	$ 1,342	$ 888,804	0.62 %	$ 1,383
Savings	3,097,598	3.57	27,464	2,608,232	2.82	18,326
Time	510,649	3.93	4,988	550,188	2.82	3,869
Total interest-bearing deposits	4,321,678	3.15	33,794	4,047,224	2.34	23,578
Short-term borrowings	—	0.00	—	33,920	5.21	441
Finance lease liabilities	259	4.66	3	350	4.58	4
Subordinated notes and debentures	105,001	4.36	1,138	104,698	4.02	1,049
Total interest-bearing liabilities	4,426,938	3.17	$ 34,935	4,186,192	2.40	$ 25,072
Demand—noninterest-bearing	761,270			793,686		
Other liabilities	83,549			77,579		
Total liabilities	5,271,757			5,057,457		
Shareholders' equity	583,221			550,490		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,854,978			$ 5,607,947		
Interest income/Earning assets		5.89 %	$ 80,866		5.50 %	$ 72,575
Interest expense/Interest-bearing liabilities		3.17	34,935		2.40	25,072
Net interest spread		2.72 %	$ 45,931		3.10 %	$ 47,503
Interest income/Earning assets		5.89 %	$ 80,866		5.50 %	$ 72,575
Interest expense/Earning assets		2.55	34,935		1.90	25,072
Net interest margin (fully tax-equivalent)		3.34 %	$ 45,931		3.60 %	$ 47,503

(1) Includes unamortized discounts and premiums.

(2) Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the three months ended June 30, 2024 and 2023 was $214 thousand and $243 thousand, respectively.

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[3] Average loans receivable outstanding includes the average balance outstanding of all nonaccrual loans. Loans receivable consist of the average of total loans receivable less average unearned income. In addition, loans receivable interest income consists of loans receivable fees, including PPP deferred processing fees.

[4] Average balance is computed using the fair value of AFS securities and amortized cost of HTM securities. Average yield has been computed using amortized cost average balance for AFS and HTM securities. The adjustment to the average balance for securities in the calculation of average yield for the three months ended June 30, 2024 and 2023 was $(59.2) million and $(55.9) million, respectively.

	Average Balances, Income and Interest Rates on a Taxable Equivalent Basis					
	For the Six Months Ended,					
	June 30, 2024			June 30, 2023		
	Average Balance	Annual Rate	Interest Inc./Exp.	Average Balance	Annual Rate	Interest Inc./Exp.
ASSETS:						
Securities:						
Taxable [1] [4]	$ 699,431	2.02 %	$ 7,592	$ 739,201	1.90 %	$ 7,466
Tax-exempt [1] [2] [4]	26,415	2.59	369	31,824	2.63	443
Equity securities [1] [2]	6,864	5.68	194	11,664	4.75	275
Total securities [4]	732,710	2.08	8,155	782,689	1.96	8,184
Loans receivable:						
Commercial [2] [3]	1,423,097	6.88	48,652	1,510,355	6.37	47,730
Mortgage and loans held for sale [2] [3]	2,883,824	6.12	87,734	2,682,009	5.63	74,821
Consumer [3]	128,325	11.97	7,641	124,659	11.49	7,104
Total loans receivable [3]	4,435,246	6.53	144,027	4,317,023	6.06	129,655
Interest-bearing deposits with the Federal Reserve and other financial institutions	239,998	5.70	6,806	54,435	6.10	1,647
Total earning assets	5,407,954	5.85	$ 158,988	5,154,147	5.40	$ 139,486
Noninterest-bearing assets:						
Cash and cash equivalents due from banks	53,611			53,981		
Premises and equipment	111,199			105,574		
Other assets	265,453			248,010		
Allowance for credit losses	(45,732)			(43,957)		
Total non interest-bearing assets	384,531			363,608		
TOTAL ASSETS	$ 5,792,485			$ 5,517,755		
LIABILITIES AND SHAREHOLDERS' EQUITY:						
Demand—interest-bearing	$ 726,681	0.70 %	$ 2,537	$ 912,345	0.55 %	$ 2,484
Savings	3,031,438	3.52	53,075	2,476,442	2.53	31,066
Time	517,287	3.78	9,730	520,666	2.61	6,727
Total interest-bearing deposits	4,275,406	3.07	65,342	3,909,453	2.08	40,277
Short-term borrowings	—	0.00	—	67,930	5.05	1,700
Finance lease liabilities	271	4.45	6	361	4.47	8
Subordinated notes and debentures	104,963	4.35	2,270	104,660	4.02	2,088
Total interest-bearing liabilities	4,380,640	3.10	$ 67,618	4,082,404	2.18	$ 44,073
Demand—noninterest-bearing	749,124			813,382		
Other liabilities	82,730			78,930		
Total liabilities	5,212,494			4,974,716		
Shareholders' equity	579,991			543,039		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,792,485			$ 5,517,755		
Interest income/Earning assets		5.85 %	$ 158,988		5.40 %	$ 139,486
Interest expense/Interest-bearing liabilities		3.10	67,618		2.18	44,073
Net interest spread		2.75 %	$ 91,370		3.22 %	$ 95,413
Interest income/Earning assets		5.85 %	$ 158,988		5.40 %	$ 139,486
Interest expense/Earning assets		2.49	67,618		1.71	44,073
Net interest margin (fully tax-equivalent)		3.36 %	$ 91,370		3.69 %	$ 95,413

[1] Includes unamortized discounts and premiums.

[2] Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the six months ended June 30, 2024 and 2023 was $431 thousand and $514 thousand, respectively.

[3] Average loans receivable outstanding includes the average balance outstanding of all nonaccrual loans. Loans receivable consist of the average of total loans receivable less average unearned income. In addition, loans receivable interest income consists of loans receivable fees, including PPP deferred processing fees.

[4] Average balance is computed using the fair value of AFS securities and amortized cost of HTM securities. Average yield has been computed using amortized cost average balance for AFS and HTM securities. The adjustment to the average balance for securities in the calculation of average yield for the six months ended June 30, 2024 and 2023 was $(57.2) million and $(57.3) million, respectively.

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VOLUME ANALYSIS OF CHANGES IN NET INTEREST INCOME

The following table presents the change in net interest income for the three months ended June 30, 2024 and 2023:

Net Interest Income Rate-Volume Variance	For Three Months Ended June 30, 2024 over (under) 2023 Due to Change In [1]		
	Volume	Rate	Net
Assets			
Securities:			
Taxable	$ (109)	$ 350	$ 241
Tax-exempt [2]	(31)	—	(31)
Equity securities [2]	(57)	(26)	(83)
Total securities	(197)	324	127
Loans receivable:			
Commercial [2]	(1,586)	1,377	(209)
Mortgage [2] [3]	2,208	3,034	5,242
Consumer	(33)	226	193
Total loans receivable	589	4,637	5,226
Other earning assets	2,981	(43)	2,938
Total Earning Assets	$ 3,373	$ 4,918	$ 8,291
Liabilities and Shareholders' Equity			
Interest-Bearing Deposits			
Demand – interest-bearing	$ (290)	$ 249	$ (41)
Savings	3,346	5,792	9,138
Time	(294)	1,413	1,119
Total interest-bearing deposits	2,762	7,454	10,216
Short-Term Borrowings	(441)	—	(441)
Finance lease liabilities	(1)	—	(1)
Subordinated debentures	0	89	89
Total Interest-Bearing Liabilities	$ 2,320	$ 7,543	$ 9,863
Change in Net Interest Income	$ 1,053	$ (2,625)	$ (1,572)

[1] Changes in interest income or expense not arising solely as a result of volume or rate variances are allocated to volume changes.

[2] Changes in interest income on tax-exempt securities and loans receivable are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the three months ended June 30, 2024 and June 30, 2023.

[3] Includes loans held for sale.

The following table presents the change in net interest income for the six months ended June 30, 2024 and 2023:

Net Interest Income Rate-Volume Variance	For Six Months Ended June 30, 2024 over (under) 2023 Due to Change In [1]		
	Volume	Rate	Net
Assets			
Securities:			
Taxable	$ (293)	$ 419	$ 126
Tax-exempt [2]	(69)	(5)	(74)
Equity securities [2]	(113)	32	(81)
Total securities	(475)	446	(29)
Loans receivable:			
Commercial [2]	(2,697)	3,619	922
Mortgage [2] [3]	5,867	7,046	12,913
Consumer	230	307	537
Total loans receivable	3,400	10,972	14,372
Other earning assets	5,638	(479)	5,159
Total Earning Assets	$ 8,563	$ 10,939	$ 19,502
Liabilities and Shareholders' Equity			
Interest-Bearing Deposits			
Demand – interest-bearing	$ (491)	$ 544	$ 53
Savings	7,044	14,965	22,009
Time	(15)	3,018	3,003
Total interest-bearing deposits	6,538	18,527	25,065
Short-Term Borrowings	(1,700)	—	(1,700)
Finance lease liabilities	(2)	—	(2)
Subordinated debentures	9	173	182
Total Interest-Bearing Liabilities	$ 4,845	$ 18,700	$ 23,545
Change in Net Interest Income	$ 3,718	$ (7,761)	$ (4,043)

[1] Changes in interest income or expense not arising solely as a result of volume or rate variances are allocated to volume changes.

[2] Changes in interest income on tax-exempt securities and loans receivable are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the six months ended June 30, 2024 and June 30, 2023.

[3] Includes loans held for sale.

RESULTS OF OPERATIONS
Three Months Ended June 30, 2024 and 2023

OVERVIEW

Net income available to common shareholders ("earnings") was $11.9 million, or $0.56 per diluted share, for the three months ended June 30, 2024. The Corporation’s earnings for the three months ended June 30, 2023 were $12.8 million, or $0.61 per diluted share. The decrease in diluted earnings per share comparing the three months ended June 30, 2024 to the three months ended June 30, 2023 was primarily due to the significant year-over-year increase in deposit costs primarily resulting from Federal Reserve rate increases throughout 2023 and the resulting market impact to the Corporation's deposit base.

Annualized return on average equity was 8.94% for the three months ended June 30, 2024, compared to 10.07% for the three months ended June 30, 2023. Annualized return on average tangible common equity, a non-GAAP measure, was 9.93% for the three months ended June 30, 2024, compared to 11.40% for the three months ended June 30, 2023.

The Corporation's efficiency ratio was 65.94% for the three months ended June 30, 2024, compared to 64.78% for the three months ended June 30, 2023. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 65.20% for the three months ended June 30, 2024, compared to 64.10% for the three months ended June 30, 2023.

NET INTEREST INCOME

Net interest income was $45.7 million for the three months ended June 30, 2024, compared to $47.3 million for the three months ended June 30, 2023. When comparing the first quarter of 2024 to the first quarter of 2023, the decrease in net interest income of $1.5 million, or 3.26%, was primarily due to an increase in the Corporation's interest expense as a result of targeted interest-bearing deposit rate increases to ensure both deposit relationship retention, and new deposit growth in recently entered expansion markets.

Net interest margin was 3.36% and 3.62% for the three months ended June 30, 2024 and June 30, 2023, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.34% and 3.60%, for the three months ended June 30, 2024 and June 30, 2023, respectively.

The yield on earning assets of 5.89% for the three months ended June 30, 2024 increased 39 basis points from June 30, 2023, primarily as a result of the net benefit of higher interest rates on both variable-rate loans and new loan production.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was $2.6 million and $2.4 million for the three months ended June 30, 2024 and June 30, 2023, respectively.

Management believes the charges to the provision for credit losses for the three months ended June 30, 2024 were appropriate and the allowance for credit losses was adequate to absorb current expected credit losses in the loan portfolio at June 30, 2024.

NON-INTEREST INCOME

Total non-interest income was $8.9 million for the three months ended June 30, 2024 compared to $8.3 million for the three months ended June 30, 2023. The increase during the three months ended June 30, 2024, compared to the three months ended June 30, 2023, was primarily due to higher pass-through income from small business investment companies.

NON-INTEREST EXPENSE

For the three months ended June 30, 2024, total non-interest expense was $36.0 million, compared to $36.0 million for the three months ended June 30, 2023. The increase from the three months ended June 30, 2023 was primarily a result of higher salaries and benefits driven by an increase in personnel costs related to merit increases, coupled with year-over-year investments in technology applications aimed at enhancing both customer online banking capabilities, customer call center communications and in-branch technology delivery channels. In addition, card processing and interchange expense for the second quarter of 2024 was $878 thousand, or 40.15% of card processing and interchange income, compared to $1.6 million, or 76.24% of card processing and interchange income for the second quarter of 2023.

INCOME TAX EXPENSE

Income tax expense was $3.0 million, representing a 19.03% effective tax rate, compared to $3.3 million, representing a 19.42% effective tax rate for the three months ended June 30, 2024 and 2023, respectively.

RESULTS OF OPERATIONS
Six Months Ended June 30, 2024 and 2023

OVERVIEW

Earnings were $23.4 million, or $1.11 per diluted share, for the six months ended June 30, 2024, compared to earnings of $28.2 million, or $1.33 per diluted share, for the six months ended June 30, 2023. As previously noted, the decrease in diluted earnings per share comparing the six months ended June 30, 2024 to the six months ended June 30, 2023 was primarily due to both the rise in deposit costs year over year.

Annualized return on average equity was 8.86% for the six months ended June 30, 2024, compared to 11.26% for the six months ended June 30, 2023. Annualized return on average tangible common equity, a non-GAAP measure, was 9.85% for the six months ended June 30, 2024, compared to 12.88% for the six months ended June 30, 2023.

The Corporation's efficiency ratio was 67.50% for the six months ended June 30, 2024, compared to 62.91% for the six months ended June 30, 2023. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 66.74% for the six months ended June 30, 2024, compared to 62.28% the six months ended June 30, 2023.

NET INTEREST INCOME

Net interest income was $90.9 million for the six months ended June 30, 2024, compared to $94.9 million for the six months ended June 30, 2023. The decrease of $4.0 million, or 4.17%, was due to loan growth and the benefits of the impact of rising interest rates resulting in greater income on variable-rate loans, coupled with a higher average balance of interest-bearing deposits with the Federal Reserve, being more than offset by an increase in the Corporation's interest expense as a result of targeted interest-bearing deposit rate increases to ensure both deposit growth and retention.

Net interest margin was 3.38% and 3.71% for the six months ended June 30, 2024 and 2023, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.36% and 3.69% for the six months ended June 30, 2024 and 2023, respectively.

The yield on earning assets of 5.85% for the six months ended June 30, 2024 increased 45 basis points from June 30, 2023, primarily as a result of the net benefit of higher interest rates on both variable-rate loans and new loan production.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was $3.9 million for the six months ended June 30, 2024, compared to $3.7 million for the six months ended June 30, 2023. The $216 thousand increase in the provision expense for six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily a result of the increased net loan charge-offs, partially offset by lower loan growth.

Management believes the charges to the provision for credit losses for the six months ended June 30, 2024 were appropriate and the allowance for credit losses was adequate to absorb current expected credit losses in the loan portfolio at June 30, 2024.

NON-INTEREST INCOME

Total non-interest income was $17.8 million for the six months ended June 30, 2024, compared to $16.3 million for the six months ended June 30, 2023. This increase was primarily due to higher pass-through income from SBICs coupled with an increase in net realized and unrealized gains on equity securities.

NON-INTEREST EXPENSE

For the six months ended June 30, 2024, total non-interest expense was $73.4 million, compared to $70.0 million for the six months ended June 30, 2023. The increase of $3.4 million, or 4.91%, from the six months ended June 30, 2023 was primarily a result of an increase in salaries and benefits and technology expenses, partially offset by a decrease in card processing and interchange expenses. In addition, other non-interest expenses increased primarily due to an increase in personnel costs related to annual merit increases and growth in the Corporation's staff and new offices in its expansion markets, while the increase in technology was primarily due to year-over-year investments in technology applications aimed at enhancing both customer online banking capabilities, customer call center communications, and in-branch technology delivery channels. The decrease in card processing and interchange expenses related to the changes made by the Corporation to its cardholder rewards program.

INCOME TAX EXPENSE

Income tax expense was $5.9 million, representing an 18.70% effective tax rate, compared to $7.2 million, representing a 19.29% effective tax rate for the six months ended June 30, 2024 and 2023, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Corporation enters into various transactions, which, in accordance with GAAP, are not included in its condensed consolidated balance sheets. The Corporation enters into these transactions to meet the financing needs of its customers. These transactions include commitments to extend credit and standby and commercial letters of credit, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized in the condensed consolidated balance sheets. For further information, see Note 9, "Off-Balance Sheet Commitments and Contingencies," to the condensed consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The Corporation’s accounting and reporting policies are in accordance with GAAP and conform to general practices within the financial services industry. Accounting and reporting practices for the allowance for credit losses and the fair value of assets acquired and liabilities assumed in connection with business combinations, including the associated goodwill and intangibles that was recorded, required the use of material estimates. Application of assumptions different than those used by management could result in material changes in the Corporation’s financial position or results of operations. Note 1, "Summary of Significant Accounting Policies" and Note 3, "Loans Receivable and Allowance for Credit Losses" of the 2023 Form 10-K provide additional detail with regard to the Corporation’s accounting for the allowance for credit losses and loans receivable. There have been no other significant changes in the application of accounting policies since December 31, 2023.

NON-GAAP FINANCIAL MEASURES

The following tables reconcile the non-GAAP financial measures to their most directly comparable measures under GAAP.

	(unaudited) June 30, 2024	December 31, 2023
Calculation of tangible book value per common share and tangible common equity/tangible assets (non-GAAP):		
Shareholders' equity	$ 586,700	$ 571,247
Less: preferred equity	57,785	57,785
Common shareholders' equity	528,915	513,462
Less: goodwill and other intangibles	43,874	43,874
Less: core deposit intangible	241	280
Tangible common equity (non-GAAP)	$ 484,800	$ 469,308
Total assets	$ 5,886,571	$ 5,752,957
Less: goodwill and other intangibles	43,874	43,874
Less: core deposit intangible	241	280
Tangible assets (non-GAAP)	$ 5,842,456	$ 5,708,803
Ending shares outstanding	20,998,117	20,896,439
Book value per common share (GAAP)	$ 25.19	$ 24.57
Tangible book value per common share (non-GAAP)	$ 23.09	$ 22.46
Common shareholders' equity / Total assets (GAAP)	8.99 %	8.93 %
Tangible common equity / Tangible assets (non-GAAP)	8.30 %	8.22 %

NON-GAAP FINANCIAL MEASURES (continued)

	(unaudited) Three Months Ended June 30, 2024	(unaudited) Three Months Ended June 30, 2023	(unaudited) Six Months Ended June 30, 2024	(unaudited) Six Months Ended June 30, 2023
Calculation of efficiency ratio:				
Non-interest expense	$ 35,989	$ 35,988	$ 73,413	$ 69,978
Non-interest income	$ 8,865	$ 8,293	$ 17,820	$ 16,335
Net interest income	45,717	47,260	90,939	94,899
Total revenue	$ 54,582	$ 55,553	$ 108,759	$ 111,234
Efficiency ratio	65.94 %	64.78 %	67.50 %	62.91 %
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):				
Non-interest expense	$ 35,989	$ 35,988	$ 73,413	$ 69,978
Less: core deposit intangible amortization	19	23	39	45
Adjusted non-interest expense (non-GAAP)	$ 35,970	$ 35,965	$ 73,374	$ 69,933
Non-interest income	$ 8,865	$ 8,293	$ 17,820	$ 16,335
Net interest income	$ 45,717	$ 47,260	$ 90,939	$ 94,899
Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	1,318	1,349	2,655	2,667
Add: tax exempt investment and loan income (fully tax equivalent basis) (non-GAAP)	1,902	1,906	3,834	3,713
Adjusted net interest income (fully tax equivalent basis) (non-GAAP)	46,301	47,817	92,118	95,945
Adjusted net revenue (fully tax equivalent basis) (non-GAAP)	$ 55,166	$ 56,110	$ 109,938	$ 112,280
Efficiency ratio (fully tax equivalent basis) (non-GAAP)	65.20 %	64.10 %	66.74 %	62.28 %

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NON-GAAP FINANCIAL MEASURES (continued)

	(unaudited) Three Months Ended June 30,		(unaudited) Six Months Ended June 30,	
	2024	2023	2024	2023
Calculation of net interest margin:				
Interest income	$ 80,652	$ 72,332	$ 158,557	$ 138,972
Interest expense	34,935	25,072	67,618	44,073
Net interest income	$ 45,717	$ 47,260	$ 90,939	$ 94,899
Average total earning assets	$ 5,465,645	$ 5,238,471	$ 5,407,954	$ 5,154,147
Net interest margin (GAAP) (annualized)	3.36 %	3.62 %	3.38 %	3.71 %
Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):				
Interest income	$ 80,652	$ 72,332	$ 158,557	$ 138,972
Tax equivalent adjustment (non-GAAP)	214	243	431	514
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	80,866	72,575	158,988	139,486
Interest expense	34,935	25,072	67,618	44,073
Net interest income (fully tax equivalent basis) (non-GAAP)	$ 45,931	$ 47,503	$ 91,370	$ 95,413
Average total earning assets	$ 5,465,645	$ 5,238,471	$ 5,407,954	$ 5,154,147
Less: average mark to market adjustment on investments (non-GAAP)	(59,225)	(55,940)	(57,186)	(57,294)
Adjusted average total earning assets, net of mark to market (non-GAAP)	$ 5,524,870	$ 5,294,411	$ 5,465,140	$ 5,211,441
Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)	3.34 %	3.60 %	3.36 %	3.69 %

	(unaudited) Three Months Ended June 30,		(unaudited) Six Months Ended June 30,	
	2024	2023	2024	2023
Calculation of PPNR (non-GAAP): [1]				
Net interest income	$ 45,717	$ 47,260	$ 90,939	$ 94,899
Add: Non-interest income	8,865	8,293	17,820	16,335
Less: Non-interest expense	35,989	35,988	73,413	69,978
PPNR (non-GAAP)	$ 18,593	$ 19,565	$ 35,346	$ 41,256

[1] Management believes that this is an important metric as it illustrates the underlying performance of the Corporation, it enables investors and others to assess the Corporation's ability to generate capital to cover credit losses through the credit cycle and provides consistent reporting with a key metric used by bank regulatory agencies.

NON-GAAP FINANCIAL MEASURES (continued)

	(unaudited) Three Months Ended June 30,		(unaudited) Six Months Ended June 30,	
	2024	2023	2024	2023
Calculation of return on average tangible common equity (non-GAAP):				
Net income	$ 12,957	$ 13,827	$ 25,557	$ 30,316
Less: preferred stock dividends	1,075	1,075	2,150	2,150
Net income available to common shareholders	$ 11,882	$ 12,752	$ 23,407	$ 28,166
Average shareholders' equity	$ 583,221	$ 550,490	$ 579,991	$ 543,039
Less: average goodwill & intangibles	44,127	44,208	44,137	44,208
Less: average preferred equity	57,785	57,785	57,785	57,785
Tangible common shareholders' equity (non-GAAP)	$ 481,309	$ 448,497	$ 478,069	$ 441,046
Return on average equity (GAAP) (annualized)	8.94 %	10.07 %	8.86 %	11.26 %
Return on average common equity (GAAP) (annualized)	9.10 %	10.38 %	9.01 %	11.70 %
Return on average tangible common equity (non-GAAP) (annualized)	9.93 %	11.40 %	9.85 %	12.88 %

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The disclosures set forth in this item are qualified by Item 1A. Risk Factors and the section captioned "Forward-Looking Statements and Factors that Could Affect Future Results" included in this report, and other cautionary statements set forth elsewhere in this report.

As a financial institution, the Corporation's primary source of market risk exposure is interest rate risk, which influences fluctuations in the Corporation's future earnings due to changes in interest rates. This risk is closely correlated to the repricing characteristics of the Corporation's portfolio of assets and liabilities, with each asset or liability repricing either at maturity or during the instrument's life cycle.

The Corporation’s interest rate risk measurement philosophy focuses on maintaining an appropriate balance between the theoretical and the practical, especially given that the primary objective of the Corporation’s overall asset/liability management process is to assess the level of interest rate risk in the Corporation’s balance sheet. Therefore, the Corporation models a set of interest rate scenarios capturing the financial effects of a range of plausible rate scenarios. The collective impact of these scenarios is designed to enable the Corporation to understand the nature and extent of its sensitivity to interest rate changes. Doing so necessitates an assessment of rate changes over varying time horizons and of varying/sufficient degrees such that the impact of embedded options within the balance sheet are sufficiently examined.

The Corporation has designed its interest rate risk measurement activities to include the following core elements: (i) interest rate ramps and shocks, (ii) parallel and non-parallel yield curve shifts, and (iii) a set of alternative rate scenarios, the nature of which change based upon prevailing market conditions.

The Corporation’s primary tools in managing Interest Rate Risk ("IRR") are income simulation models. The income simulation models are utilized to quantify the potential impact of changing interest rates on earnings and to identify expected earnings trends given longer-term rate cycles. Standard gap reports are also utilized to provide supporting detailed information.

The Corporation also recognizes that a sustained environment of higher/lower interest rates will affect the underlying value of the Corporation’s assets, liabilities and off-balance sheet instruments since the present value of their future cash flows (and the cash flows themselves) change when interest rates change. In order to monitor the long-term structural and economic position of the balance sheet, the ALCO reviews the Economic Value of Equity measure on a quarterly basis.

IRR considerations include inherent assumptions and estimates, including the maturity and repricing characteristics of assets and liabilities, prepayments on amortizing assets, non-maturing deposit sensitivity, and loan and deposit pricing. These assumptions are subject to uncertainty due to the timing, magnitude, and frequency of rate changes, market conditions, and management strategies.

The following table demonstrates the annualized result of an interest rate simulation and the estimated effect that a parallel interest rate shift, or "shock," in the yield curve and subjective adjustments in deposit pricing might have on the Corporation’s projected net interest income over the next 12 months. This simulation assumes that there is no growth in interest-earning assets or interest-bearing liabilities over the next 12 months. The changes to net interest income shown below are in compliance with the Corporation’s policy guidelines.

	% Change in Net Interest Income	
	June 30, 2024	December 31, 2023
+300 basis points	3.0%	2.6%
+200 basis points	4.8%	3.8%
+100 basis points	6.5%	4.6%
-100 basis points	0.8%	(3.8)%
-200 basis points	(1.0)%	(6.5)%
-300 basis points	(1.7)%	(12.8)%

At June 30, 2024, the Corporation has approximately $2.0 billion in outstanding loans receivable balances that are rate sensitive balances over the next twelve months.

ITEM 4

CONTROLS AND PROCEDURES

The Corporation’s management, under the supervision of and with the participation of the Corporation’s Principal Executive Officer and Principal Financial Officer, has carried out an evaluation of the design and effectiveness of the Corporation’s disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based upon that evaluation, management, including the Principal Executive Officer and Principal Financial Officer, have concluded that, as of the end of such period, the Corporation’s disclosure controls and procedures are effective to provide reasonable assurance that all material information required to be disclosed in reports the Corporation files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms.

There was no significant change in the Corporation’s internal control over financial reporting that occurred during the quarter ended June 30, 2024 that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Corporation or any of its subsidiaries is a party, or of which any of their properties is the subject, except ordinary routine proceedings which are incidental to the business.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A of the 2023 Form 10-K.

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

The following table provides information with respect to any purchase of shares of the Corporation's common stock made by or on behalf of the Corporation for the three months ended June 30, 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Common Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs [1]
April 1 – 30, 2024	23,988	$ 18.33	23,988	149,553
May 1 – 31, 2024	—	—	—	149,553
June 1 – 30, 2024	—	—	—	500,000
Total	23,988	$ 18.33	23,988	500,000

[1] On May 17, 2022, the Corporation's Board of Directors authorized a common stock repurchase plan pursuant to which the Corporation was authorized to repurchase up to 500,000 shares of common stock, provided that the aggregate purchase price of shares of common stock repurchased did not exceed $15,000,000. The repurchases of common stock, if any, were authorized to be made during the period beginning on June 2, 2022 (the date on which the Corporation received acknowledgement of the repurchase program from the Federal Reserve Bank) through and including May 17, 2024. At the expiration of the plan, there were 149,533 shares remaining for repurchase. On June 12, 2024, the Corporation received acknowledgement from the Federal Reserve of the Corporation's 2024 Common Share Repurchase Program (the "2024 Plan"). The Corporation's Board of Directors previously approved the 2024 Plan, subject to the Federal Reserve Bank's response, authorizing the repurchase from time to time by the Corporation of up to 500,000 shares of the Corporation's common stock, provided that the aggregate purchase price of shares of common stock repurchased does not exceed $15,000,000. Pursuant to the 2024 Plan, repurchase of common stock, if any, are authorized to be made during the period beginning on June 12, 2024 (the date on which the Corporation received acknowledgement from the Federal Reserve Bank) through and including May 14, 2025, through open market purchases, privately negotiated transactions or in such other manner as will comply with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, subject to compliance with any material agreement to which the Corporation is a party. Depending on market conditions and other factors, these repurchases may be commenced or suspended without prior notice. As of June 30, 2024, there were 500,000 shares remaining for repurchase under the 2024 Plan.

[2] The aggregate purchase price and weighted average price per share does not include the effect of excise tax expense incurred on net stock repurchases.

Additionally, during the quarter ended June 30, 2024, certain employees surrendered shares of common stock owned by them to satisfy their statutory minimum U.S. federal and state tax obligations associated with the vesting of shares of restricted common stock issued under the CNB Financial Corporation 2019 Omnibus Incentive Plan.

Dividend Restrictions

The Corporation is a legal entity separate and distinct from the Bank. Declaration and payment of cash dividends by the Corporation depends upon cash dividend payments to the Corporation by the Bank, which is our primary source of revenue and cash flow.

As a Pennsylvania state-chartered bank, the Bank is subject to regulatory restrictions on the payment and amounts of dividends under the Pennsylvania Banking Code. Further, the ability of banking subsidiaries to pay dividends is also subject to their profitability, financial condition, capital expenditures and other cash flow requirements.

The payment of dividends by the Bank and the Corporation may also be affected by other factors, such as the requirement to maintain adequate capital above regulatory requirements. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. A depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized. Moreover, the federal banking agencies have issued policy statements that provide that bank holding companies and insured banks should generally only pay dividends out of current operating earnings. Federal banking regulators have the authority to prohibit banks and bank holding companies from paying a dividend if the regulators deem such payment to be an unsafe or unsound practice.

The amount and timing of dividends is subject to the discretion of the Board of Directors and depends upon business conditions and regulatory requirements. The Board of Directors has the discretion to change the dividend at any time for any reason. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, the Corporation's financial condition and operating results and other factors, including applicable government regulations and policies.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended June 30, 2024, none of the Corporation's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Corporation securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Third Amended and Restated Articles of Incorporation of CNB Financial Corporation (incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed on April 18, 2024)
3.2	Third Amended and Restated Bylaws of CNB Financial Corporation (incorporated by reference to Exhibit 3.2 to the Corporation's Current Report on Form 8-K filed on April 18, 2024)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and included in 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.

	CNB FINANCIAL CORPORATION (Registrant)
DATE: August 7, 2024	/s/ Michael D. Peduzzi
	Michael D. Peduzzi President and Chief Executive Officer (Principal Executive Officer)
DATE: August 7, 2024	/s/ Tito L. Lima
	Tito L. Lima Treasurer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael D. Peduzzi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CNB Financial Corporation.

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

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

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

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

b) Designed such internal controls over financial reporting, or caused such internal controls 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 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:

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: August 7, 2024

/s/ Michael D. Peduzzi

Michael D. Peduzzi
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tito L. Lima, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CNB Financial Corporation.

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

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

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

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

b) Designed such internal controls over financial reporting, or caused such internal controls 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 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:

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: August 7, 2024

/s/ Tito L. Lima

Tito L. Lima
Treasurer
(Principal Financial Officer)

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

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael D. Peduzzi, President and Chief Executive Officer of CNB Financial Corporation (the "Corporation"), hereby certify that the Corporation's Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Michael D. Peduzzi

Michael D. Peduzzi

President and Chief Executive Officer

Dated: August 7, 2024

Exhibit 32.2

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tito L. Lima, Chief Financial Officer of CNB Financial Corporation (the "Corporation"), hereby certify that the Corporation's Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Tito L. Lima

Tito L. Lima

Chief Financial Officer

Dated: August 7, 2024