REFINITIV

DELTA REPORT

10-Q

CBFV - CB FINANCIAL SERVICES, IN

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	637
CHANGES	397
DELETIONS	116
ADDITIONS	124

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023 September 30, 2023

OR

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

For the transition period from _________ to _________

Commission file number: 001-36706

CB FINANCIAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	**51-0534721**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 N. Market Street, Carmichaels, PA	**15320**
(Address of principal executive offices)	(Zip Code)

(724) 966-5041
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Common stock, par value $0.4167 per share	**CBFV**	**The Nasdaq Stock Market, LLC**
(Title of each class)	(Trading symbol)	(Name of each exchange on which registered)

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, 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 ☐

As of August 9, 2023 November 10, 2023, the number of shares outstanding of the Registrant's Common Stock was 5,115,678. 5,120,678.

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FORM 10-Q

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

			(Unaudited) June 30, 2023		**December 31, 2022**			**(Unaudited) September 30, 2023**		**December 31, 2022**
(Dollars in thousands, except per share and share data)	*(Dollars in thousands, except per share and share data)*					*(Dollars in thousands, except per share and share data)*				
ASSETS	ASSETS					ASSETS				
Cash and Due From Banks:	Cash and Due From Banks:					Cash and Due From Banks:				
Interest-Earning	Interest-Earning	$	60,287	$	82,957	Interest-Earning	$	45,898	$	82,957
Noninterest-Earning	Noninterest-Earning		17,806		20,743	Noninterest-Earning		6,699		20,743
Total Cash and Due From Banks	Total Cash and Due From Banks		78,093		103,700	Total Cash and Due From Banks		52,597		103,700
Securities:	Securities:					Securities:				
Available-for-Sale Debt Securities, at Fair Value	Available-for-Sale Debt Securities, at Fair Value		179,061		187,360	Available-for-Sale Debt Securities, at Fair Value		170,575		187,360
Equity Securities, at Fair Value	Equity Securities, at Fair Value		2,366		2,698	Equity Securities, at Fair Value		2,329		2,698

Total Securities	Total Securities	181,427	190,058	Total Securities	172,904	190,058
Loans, Net of Allowance for Credit Losses of $10,666 and $12,819 at June 30, 2023 and December 31, 2022, Respectively		1,090,488	1,037,054			
Loans, Net of Allowance for Credit Losses of $10,848 and $12,819 at September 30, 2023 and December 31, 2022, Respectively				Loans, Net of Allowance for Credit Losses of $10,848 and $12,819 at September 30, 2023 and December 31, 2022, Respectively	1,091,666	1,037,054
Premises and Equipment, Net	Premises and Equipment, Net	18,582	17,844	Premises and Equipment, Net	18,524	17,844
Bank-Owned Life Insurance	Bank-Owned Life Insurance	25,082	25,893	Bank-Owned Life Insurance	25,227	25,893
Goodwill	Goodwill	9,732	9,732	Goodwill	9,732	9,732
Intangible Assets, Net	Intangible Assets, Net	2,622	3,513	Intangible Assets, Net	2,177	3,513
Accrued Interest Receivable and Other Assets	Accrued Interest Receivable and Other Assets	26,707	21,144	Accrued Interest Receivable and Other Assets	26,665	21,144
TOTAL ASSETS	TOTAL ASSETS	$ 1,432,733	$ 1,408,938	TOTAL ASSETS	$ 1,399,492	$ 1,408,938
LIABILITIES	LIABILITIES			LIABILITIES		
Deposits:	Deposits:			Deposits:		
Noninterest-Bearing Demand Accounts	Noninterest-Bearing Demand Accounts	$ 316,098	$ 390,405	Noninterest-Bearing Demand Accounts	$ 305,145	$ 390,405
Interest-Bearing Demand Accounts	Interest-Bearing Demand Accounts	374,654	311,825	Interest-Bearing Demand Accounts	357,381	311,825
Money Market Accounts	Money Market Accounts	185,814	209,125	Money Market Accounts	189,187	209,125
Savings Accounts	Savings Accounts	217,267	248,022	Savings Accounts	207,148	248,022
Time Deposits	Time Deposits	169,482	109,126	Time Deposits	177,428	109,126
Total Deposits	Total Deposits	1,263,315	1,268,503	Total Deposits	1,236,289	1,268,503
Short-Term Borrowings	Short-Term Borrowings	—	8,060	Short-Term Borrowings	—	8,060
Other Borrowings	Other Borrowings	34,658	14,638	Other Borrowings	34,668	14,638
Accrued Interest Payable and Other Liabilities	Accrued Interest Payable and Other Liabilities	18,171	7,582	Accrued Interest Payable and Other Liabilities	13,689	7,582
TOTAL LIABILITIES	TOTAL LIABILITIES	1,316,144	1,298,783	TOTAL LIABILITIES	1,284,646	1,298,783
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY			STOCKHOLDERS' EQUITY		
Preferred Stock, No Par Value; 5,000,000 Shares Authorized	Preferred Stock, No Par Value; 5,000,000 Shares Authorized	—	—	Preferred Stock, No Par Value; 5,000,000 Shares Authorized	—	—
Common Stock, $0.4167 Par Value; 35,000,000 Shares Authorized, 5,733,408 Shares Issued and 5,111,678 Shares Outstanding at June 30, 2023, with 5,708,433 and 5,100,189 Shares Issued and Outstanding at December 31, 2022.		2,389	2,379			
Common Stock, $0.4167 Par Value; 35,000,000 Shares Authorized, 5,742,408 Shares Issued and 5,120,678 Shares Outstanding at September 30, 2023, with 5,708,433 and 5,100,189 Shares Issued and Outstanding at December 31, 2022.				Common Stock, $0.4167 Par Value; 35,000,000 Shares Authorized, 5,742,408 Shares Issued and 5,120,678 Shares Outstanding at September 30, 2023, with 5,708,433 and 5,100,189 Shares Issued and Outstanding at December 31, 2022.	2,393	2,379
Capital Surplus	Capital Surplus	84,325	83,953	Capital Surplus	84,517	83,953

Retained Earnings	Retained Earnings	70,314	63,861	Retained Earnings	71,707	63,861
Treasury Stock, at Cost (621,730 and 608,244 Shares at June 30, 2023 and December 31, 2022, Respectively)		(14,100)	(13,797)			
Treasury Stock, at Cost (621,730 and 608,244 Shares at September 30, 2023 and December 31, 2022, Respectively)				Treasury Stock, at Cost (621,730 and 608,244 Shares at September 30, 2023 and December 31, 2022, Respectively)	(14,100)	(13,797)
Accumulated Other Comprehensive Loss	Accumulated Other Comprehensive Loss	(26,339)	(26,241)	Accumulated Other Comprehensive Loss	(29,671)	(26,241)
TOTAL STOCKHOLDERS' EQUITY	TOTAL STOCKHOLDERS' EQUITY	116,589	110,155	TOTAL STOCKHOLDERS' EQUITY	114,846	110,155
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,432,733	$ 1,408,938	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,399,492	$ 1,408,938

The accompanying notes are an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
(Dollars in thousands, except share and per share data)	*(Dollars in thousands, except share and per share data)*					*(Dollars in thousands, except share and per share data)*				
INTEREST AND DIVIDEND INCOME	INTEREST AND DIVIDEND INCOME					INTEREST AND DIVIDEND INCOME				
Loans, Including Fees	Loans, Including Fees	$ 13,426	$ 9,733	$ 25,797	$ 19,284	Loans, Including Fees	$ 14,049	$ 10,815	$ 39,846	$ 30,098
Investment Securities:	Investment Securities:					Investment Securities:				
Taxable	Taxable	950	988	1,914	1,893	Taxable	940	985	2,853	2,878
Tax-Exempt	Tax-Exempt	42	57	83	123	Tax-Exempt	41	49	124	172
Dividends	Dividends	25	20	49	42	Dividends	25	21	74	64
Other Interest and Dividend Income	Other Interest and Dividend Income	760	160	1,605	232	Other Interest and Dividend Income	819	417	2,424	649
TOTAL INTEREST AND DIVIDEND INCOME	TOTAL INTEREST AND DIVIDEND INCOME	15,203	10,958	29,448	21,574	TOTAL INTEREST AND DIVIDEND INCOME	15,874	12,287	45,321	33,861
INTEREST EXPENSE	INTEREST EXPENSE					INTEREST EXPENSE				
Deposits	Deposits	3,842	604	6,346	1,134	Deposits	4,750	1,079	11,097	2,214
Short-Term Borrowings	Short-Term Borrowings	3	18	5	37	Short-Term Borrowings	—	19	5	56
Other Borrowings	Other Borrowings	238	173	393	347	Other Borrowings	407	174	800	522
TOTAL INTEREST EXPENSE	TOTAL INTEREST EXPENSE	4,083	795	6,744	1,518	TOTAL INTEREST EXPENSE	5,157	1,272	11,902	2,792
NET INTEREST AND DIVIDEND INCOME	NET INTEREST AND DIVIDEND INCOME	11,120	10,163	22,704	20,056	NET INTEREST AND DIVIDEND INCOME	10,717	11,015	33,419	31,069

Provision For Credit Losses - Loans	Provision For Credit Losses - Loans	492	3,784	572	3,784	Provision For Credit Losses - Loans	291	—	863	3,784
Recovery For Credit Losses - Unfunded Commitments		(60)	—	(60)	—					
NET INTEREST AND DIVIDEND INCOME AFTER PROVISION (RECOVERY) FOR CREDIT LOSSES		10,688	6,379	22,192	16,272					
Provision For Credit Losses - Unfunded Commitments						Provision For Credit Losses - Unfunded Commitments	115	—	54	—
NET INTEREST AND DIVIDEND INCOME AFTER PROVISION FOR CREDIT LOSSES						NET INTEREST AND DIVIDEND INCOME AFTER PROVISION FOR CREDIT LOSSES	10,311	11,015	32,502	27,285
NONINTEREST INCOME	NONINTEREST INCOME					NONINTEREST INCOME				
Service Fees	Service Fees	448	559	892	1,085	Service Fees	466	544	1,359	1,629
Insurance Commissions	Insurance Commissions	1,511	1,369	3,434	3,167	Insurance Commissions	1,436	1,368	4,870	4,535
Other Commissions	Other Commissions	224	179	368	268	Other Commissions	94	244	462	512
Net Loss on Sales of Loans	Net Loss on Sales of Loans	(5)	—	(3)	—	Net Loss on Sales of Loans	—	—	(3)	—
Net Loss on Securities	Net Loss on Securities	(100)	(199)	(332)	(206)	Net Loss on Securities	(37)	(46)	(369)	(252)
Net Gain on Purchased Tax Credits	Net Gain on Purchased Tax Credits	7	14	14	28	Net Gain on Purchased Tax Credits	7	14	22	43
Net Gain (Loss) on Disposal of Fixed Assets		—	—	11	(8)					
Net Gain on Disposal of Fixed Assets						Net Gain on Disposal of Fixed Assets	—	439	11	431
Income from Bank-Owned Life Insurance	Income from Bank-Owned Life Insurance	139	142	280	278	Income from Bank-Owned Life Insurance	145	140	425	418
Net Gain on Bank-Owned Life Insurance Claims	Net Gain on Bank-Owned Life Insurance Claims	1	—	303	—	Net Gain on Bank-Owned Life Insurance Claims	—	—	303	—
Other Income	Other Income	44	41	113	106	Other Income	301	36	413	143
TOTAL NONINTEREST INCOME	TOTAL NONINTEREST INCOME	2,269	2,105	5,080	4,718	TOTAL NONINTEREST INCOME	2,412	2,739	7,493	7,459
NONINTEREST EXPENSE	NONINTEREST EXPENSE					NONINTEREST EXPENSE				
Salaries and Employee Benefits	Salaries and Employee Benefits	5,231	4,539	10,310	9,104	Salaries and Employee Benefits	5,369	4,739	15,679	13,843
Occupancy	Occupancy	789	776	1,490	1,462	Occupancy	698	768	2,188	2,230
Equipment	Equipment	283	182	501	392	Equipment	265	170	766	561
Data Processing	Data Processing	718	446	1,575	931	Data Processing	714	540	2,289	1,471
FDIC Assessment	FDIC Assessment	224	128	376	337	FDIC Assessment	189	147	565	484
PA Shares Tax	PA Shares Tax	195	240	455	480	PA Shares Tax	217	240	672	721
Contracted Services	Contracted Services	434	348	581	935	Contracted Services	286	288	868	1,223
Legal and Professional Fees	Legal and Professional Fees	246	389	428	541	Legal and Professional Fees	320	334	748	876
Advertising	Advertising	75	115	154	231	Advertising	114	131	268	362
Other Real Estate Owned (Income)	Other Real Estate Owned (Income)	(35)	(37)	(72)	(75)	Other Real Estate Owned (Income)	(8)	(38)	(80)	(113)

Amortization of Intangible Assets	Amortization of Intangible Assets	446	446	891	891	Amortization of Intangible Assets	445	445	1,336	1,336
Other Expense	Other Expense	895	838	1,841	1,837	Other Expense	878	1,063	2,718	2,899
TOTAL NONINTEREST EXPENSE	TOTAL NONINTEREST EXPENSE	9,501	8,410	18,530	17,066	TOTAL NONINTEREST EXPENSE	9,487	8,827	28,017	25,893
Income Before Income Tax Expense (Benefit)		3,456	74	8,742	3,924					
Income Tax Expense (Benefit)		699	(44)	1,827	759					
Income Before Income Tax Expense						Income Before Income Tax Expense	3,236	4,927	11,978	8,851
Income Tax Expense						Income Tax Expense	564	998	2,392	1,757
NET INCOME	NET INCOME	$ 2,757	$ 118	$ 6,915	$ 3,165	NET INCOME	$ 2,672	$ 3,929	$ 9,586	$ 7,094
EARNINGS PER SHARE	EARNINGS PER SHARE					EARNINGS PER SHARE				
Basic	Basic	$ 0.54	$ 0.02	$ 1.35	$ 0.61	Basic	$ 0.52	$ 0.77	$ 1.88	$ 1.38
Diluted	Diluted	0.54	0.02	1.35	0.61	Diluted	0.52	0.77	1.87	1.37
WEIGHTED AVERAGE SHARES OUTSTANDING	WEIGHTED AVERAGE SHARES OUTSTANDING					WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	Basic	5,111,987	5,147,846	5,110,799	5,172,881	Basic	5,115,026	5,106,861	5,112,223	5,150,632
Diluted	Diluted	5,116,134	5,156,975	5,118,396	5,189,144	Diluted	5,126,546	5,118,627	5,118,279	5,165,376

The accompanying notes are an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (LOSS) (UNAUDITED)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Net Income	Net Income	$ 2,757	$ 118	$ 6,915	$ 3,165	Net Income	$ 2,672	$ 3,929	$ 9,586	$ 7,094
Other Comprehensive Loss:	Other Comprehensive Loss:					Other Comprehensive Loss:				
Change in Unrealized Loss on Investment Securities Available-for-Sale	Change in Unrealized Loss on Investment Securities Available-for-Sale	(2,704)	(8,680)	(124)	(21,032)	Change in Unrealized Loss on Investment Securities Available-for-Sale	(4,248)	(11,753)	(4,372)	(32,785)
Income Tax Effect	Income Tax Effect	583	1,870	26	4,531	Income Tax Effect	916	2,533	942	7,064
Other Comprehensive Loss, Net of Income Tax Effect	Other Comprehensive Loss, Net of Income Tax Effect	(2,121)	(6,810)	(98)	(16,501)	Other Comprehensive Loss, Net of Income Tax Effect	(3,332)	(9,220)	(3,430)	(25,721)
Total Comprehensive Income (Loss)		$ 636	$ (6,692)	$ 6,817	$ (13,336)					
Total Comprehensive (Loss) Income						Total Comprehensive (Loss) Income	$ (660)	$ (5,291)	$ 6,156	$ (18,627)

The accompanying notes are an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

Three Months Ended June 30, 2023	Shares Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
(Dollars in thousands, except share and per share data)							
March 31, 2023	5,730,908	$ 2,388	$84,118	$ 68,834	$(13,927)	$ (24,218)	$ 117,195
Comprehensive Income:							
Net Income	—	—	—	2,757	—	—	2,757
Other Comprehensive Loss	—	—	—	—	—	(2,121)	(2,121)
Restricted Stock Awards Granted	2,500	1	(1)	—	—	—	—
Restricted Stock Awards Forfeited	—	—	21	—	(21)	—	—
Stock-Based Compensation Expense	—	—	187	—	—	—	187
Exercise of Stock Options	—	—	—	—	45	—	45
Treasury stock purchased, at cost (8,792 shares)	—	—	—	—	(197)	—	(197)
Dividends Paid ($0.25 Per Share)	—	—	—	(1,277)	—	—	(1,277)
June 30, 2023	5,733,408	$ 2,389	$84,325	$ 70,314	$(14,100)	$ (26,339)	$ 116,589

Three Months Ended September 30, 2023	Shares Issued	Common Stock	Capital Surplus	Retained Earnings
(Dollars in thousands, except share and per share data)				
June 30, 2023	5,733,408	$ 2,389	$84,325	$ 70,314 $
Comprehensive Loss:				
Net Income	—	—	—	2,672
Other Comprehensive Loss	—	—	—	—
Restricted Stock Awards Granted	9,000	4	(4)	—
Stock-Based Compensation Expense	—	—	196	—
Dividends Paid ($0.25 Per Share)	—	—	—	(1,279)
September 30, 2023	5,742,408	$ 2,393	$84,517	$ 71,707 $

Three Months Ended June 30, 2022	Shares Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
(Dollars in thousands, except share and per share data)							
March 31, 2022	5,701,758	$ 2,376	$83,422	$ 59,343	$(12,367)	$ (10,618)	$ 122,156
Comprehensive Loss:							
Net Income	—	—	—	118	—	—	118
Other Comprehensive Loss	—	—	—	—	—	(6,810)	(6,810)

Three Months Ended September 30, 2022	Shares Issued	Common Stock	Capital Surplus	Retained Earnings
(Dollars in thousands, except share and per share data)				
June 30, 2022	5,702,433	$ 2,376	$83,614	$ 58,225 $
Comprehensive Loss:				
Net Income	—	—	—	3,929
Other Comprehensive Loss	—	—	—	—

Restricted Stock Awards Forfeited	Restricted Stock Awards Forfeited	(325)	—	43	—	(43)	—	—	Restricted Stock Awards Forfeited	—	—	34	—
Restricted Stock Awards Granted		1,000	—	—	—	—	—	—					
Stock-Based Compensation Expense	Stock-Based Compensation Expense	—	—	149	—	—	—	149	Stock-Based Compensation Expense	—	—	145	—
Treasury Stock Purchased, at cost (27,439 shares)		—	—	—	—	(605)	—	(605)					
Exercise of Stock Options									Exercise of Stock Options	—	—	—	—
Treasury Stock Purchased, at cost (30,271 shares)									Treasury Stock Purchased, at cost (30,271 shares)	—	—	—	—
Dividends Paid ($0.24 Per Share)	Dividends Paid ($0.24 Per Share)	—	—	—	(1,236)	—	—	(1,236)	Dividends Paid ($0.24 Per Share)	—	—	—	(1,224)
June 30, 2022		5,702,433	$ 2,376	$83,614	$ 58,225	$(13,015)	$ (17,428)	$ 113,772					
September 30, 2022									**September 30, 2022**	5,702,433	$ 2,376	$83,793	$ 60,930 $

The accompanying notes are an integral part of these consolidated financial statements

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Six Months Ended June 30, 2023		**Shares Issued**	**Common Stock**	**Capital Surplus**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**					
Nine Months Ended September 30, 2023									**Nine Months Ended September 30, 2023**	**Shares Issued**	**Common Stock**	**Capital Surplus**	**Retained Earnings** T
(Dollars in thousands, except share and per share data)	*(Dollars in thousands, except share and per share data)*								*(Dollars in thousands, except share and per share data)*				
December 31, 2022	**December 31, 2022**	5,708,433	$ 2,379	$83,953	$ 63,861	$(13,797)	$ (26,241)	$ 110,155	**December 31, 2022**	5,708,433	$ 2,379	$83,953	$ 63,861 $
Adoption of Accounting Standard ASU 2016-13	Adoption of Accounting Standard ASU 2016-13	—	—	—	2,092	—	—	2,092	Adoption of Accounting Standard ASU 2016-13	—	—	—	2,092
Balance at January 1, 2023, adjusted	Balance at January 1, 2023, adjusted	5,708,433	$ 2,379	$83,953	$ 65,953	$(13,797)	$ (26,241)	$ 112,247	Balance at January 1, 2023, adjusted	5,708,433	$ 2,379	$83,953	$ 65,953 $
Comprehensive Income:	Comprehensive Income:								Comprehensive Income:				
Net Income	Net Income	—	—	—	6,915	—	—	6,915	Net Income	—	—	—	9,586
Other Comprehensive Loss	Other Comprehensive Loss	—	—	—	—	—	(98)	(98)	Other Comprehensive Loss	—	—	—	—
Restricted Stock Awards Granted	Restricted Stock Awards Granted	24,975	10	(10)	—	—	—	—	Restricted Stock Awards Granted	33,975	14	(14)	—
Restricted Stock Awards Forfeited	Restricted Stock Awards Forfeited	—	—	21	—	(21)	—	—	Restricted Stock Awards Forfeited	—	—	21	—

	Shares Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Stock-Based Compensation Expense	—	—	361	—	—	—	361
Exercise of Stock Options	—	—	—	—	45	—	45
Treasury stock purchased, at cost (14,478 shares)	—	—	—	—	(327)	—	(327)
Dividends Paid ($0.50 Per Share)	—	—	—	(2,554)	—	—	(2,554)
June 30, 2023	5,733,408	$ 2,389	$84,325	$ 70,314	$(14,100)	$ (26,339)	$ 116,589

Stock-Based Compensation Expense	—	—	557	—
Exercise of Stock Options	—	—	—	—
Treasury stock purchased, at cost (14,478 shares)	—	—	—	—
Dividends Paid ($0.75 Per Share)	—	—	—	(3,832)
September 30, 2023	5,742,408	$ 2,393	$84,517	$ 71,707	$

Stock-Based Compensation Expense
Exercise of Stock Options
Treasury stock purchased, at cost (14,478 shares)
Dividends Paid ($0.75 Per Share)
September 30, 2023

Six Months Ended June 30, 2022	**Shares Issued**	**Common Stock**	**Capital Surplus**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**
(Dollars in thousands, except share and per share data)							
December 31, 2021	5,680,993	$ 2,367	$83,294	$ 57,534	$ (9,144)	$ (927)	$ 133,124
Comprehensive Loss:							
Net Income	—	—	—	3,165	—	—	3,165
Other Comprehensive Loss	—	—	—	—	—	(16,501)	(16,501)
Restricted Stock Awards Forfeited	(325)	—	47	—	(47)	—	—
Restricted Stock Awards Granted	21,765	9	(9)	—	—	—	—
Stock-Based Compensation Expense	—	—	279	—	—	—	279
Exercise of Stock Options	—	—	3	—	164	—	167
Treasury Stock Purchased, at cost (159,279 shares)	—	—	—	—	(3,988)	—	(3,988)
Dividends Paid ($0.48 Per Share)	—	—	—	(2,474)	—	—	(2,474)
June 30, 2022	5,702,433	$ 2,376	$83,614	$ 58,225	$(13,015)	$ (17,428)	$ 113,772

Nine Months Ended September 30, 2022	**Shares Issued**	**Common Stock**	**Capital Surplus**	**Retained Earnings**	**T**
(Dollars in thousands, except share and per share data)					
December 31, 2021	5,680,993	$ 2,367	$83,294	$ 57,534	$
Comprehensive Loss:					
Net Income	—	—	—	7,094	
Other Comprehensive Loss	—	—	—	—	
Restricted Stock Awards Forfeited	(325)	—	81	—	
Restricted Stock Awards Granted	21,765	9	(9)	—	
Stock-Based Compensation Expense	—	—	424	—	
Exercise of Stock Options	—	—	3	—	
Treasury Stock Purchased, at cost (189,550 shares)	—	—	—	—	
Dividends Paid ($0.72 Per Share)	—	—	—	(3,698)	
September 30, 2022	5,702,433	$ 2,376	$83,793	$ 60,930	$

Nine Months Ended September 30, 2022
(Dollars in thousands, except share and per share data)
December 31, 2021
Comprehensive Loss:
Net Income
Other Comprehensive Loss
Restricted Stock Awards Forfeited
Restricted Stock Awards Granted
Stock-Based Compensation Expense
Exercise of Stock Options
Treasury Stock Purchased, at cost (189,550 shares)
Dividends Paid ($0.72 Per Share)
September 30, 2022

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Six Months Ended June 30,		**2023**	**2022**			
Nine Months Ended September 30,				**Nine Months Ended September 30,**	**2023**	**2022**
(Dollars in thousands)	*(Dollars in thousands)*			*(Dollars in thousands)*		
OPERATING ACTIVITIES	OPERATING ACTIVITIES			OPERATING ACTIVITIES		
Net Income	Net Income	$ 6,915	$ 3,165	Net Income	$ 9,586	$ 7,094
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities	Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities			Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities		
Net Amortization on Securities	Net Amortization on Securities	40	36	Net Amortization on Securities	56	48
Depreciation and Amortization	Depreciation and Amortization	1,420	1,282	Depreciation and Amortization	2,133	1,997
Provision for Credit Losses - Loans	Provision for Credit Losses - Loans	572	3,784	Provision for Credit Losses - Loans	863	3,784
Recovery for Credit Losses - Unfunded Commitments		(60)	—			
Provision for Credit Losses - Unfunded Commitments				Provision for Credit Losses - Unfunded Commitments	54	—
Loss on Securities	Loss on Securities	332	206	Loss on Securities	369	252
Gain on Purchased Tax Credits	Gain on Purchased Tax Credits	(14)	(28)	Gain on Purchased Tax Credits	(22)	(43)
Income from Bank-Owned Life Insurance	Income from Bank-Owned Life Insurance	(280)	(278)	Income from Bank-Owned Life Insurance	(425)	(418)
Proceeds From Mortgage Loans Sold	Proceeds From Mortgage Loans Sold	269	—	Proceeds From Mortgage Loans Sold	269	—
Originations of Mortgage Loans for Sale	Originations of Mortgage Loans for Sale	(266)	—	Originations of Mortgage Loans for Sale	(266)	—
Loss on Sale of Loans	Loss on Sale of Loans	3	—	Loss on Sale of Loans	3	—
Gain on Sale of Other Real Estate Owned and Repossessed Assets	Gain on Sale of Other Real Estate Owned and Repossessed Assets	—	(1)	Gain on Sale of Other Real Estate Owned and Repossessed Assets	(13)	(1)
Noncash Expense for Stock-Based Compensation	Noncash Expense for Stock-Based Compensation	361	279	Noncash Expense for Stock-Based Compensation	557	424
(Increase) Decrease in Accrued Interest Receivable		(561)	36			
Net (Gain) Loss on Disposal of Fixed Assets		(11)	8			
Increase in Accrued Interest Receivable				Increase in Accrued Interest Receivable	(600)	(59)

Valuation adjustment on real estate owned				Valuation adjustment on real estate owned	119	—
Gain on Disposal of Fixed Assets				Gain on Disposal of Fixed Assets	(11)	(431)
Decrease in Taxes Payable	Decrease in Taxes Payable	(839)	(2,462)	Decrease in Taxes Payable	(632)	(947)
Increase (Decrease) in Accrued Interest Payable		963	(42)			
Increase in Accrued Interest Payable				Increase in Accrued Interest Payable	1,390	29
Other, Net	Other, Net	(308)	(725)	Other, Net	4,236	(2,679)
NET CASH PROVIDED BY OPERATING ACTIVITIES	NET CASH PROVIDED BY OPERATING ACTIVITIES	8,536	5,260	NET CASH PROVIDED BY OPERATING ACTIVITIES	17,666	9,050
INVESTING ACTIVITIES	INVESTING ACTIVITIES			INVESTING ACTIVITIES		
Investment Securities Available for Sale:	Investment Securities Available for Sale:			Investment Securities Available for Sale:		
Proceeds From Principal Repayments and Maturities	Proceeds From Principal Repayments and Maturities	8,135	17,021	Proceeds From Principal Repayments and Maturities	12,357	24,869
Purchases of Securities	Purchases of Securities	—	(26,826)	Purchases of Securities	—	(26,826)
Net Increase in Loans	Net Increase in Loans	(45,113)	(9,576)	Net Increase in Loans	(55,546)	(24,480)
Purchase of Premises and Equipment	Purchase of Premises and Equipment	(1,345)	(262)	Purchase of Premises and Equipment	(1,594)	(470)
Proceeds from Disposal of Premises and Equipment	Proceeds from Disposal of Premises and Equipment	36	—	Proceeds from Disposal of Premises and Equipment	46	480
Proceeds From a Claim on Bank-Owned Life Insurance	Proceeds From a Claim on Bank-Owned Life Insurance	731	—	Proceeds From a Claim on Bank-Owned Life Insurance	731	—
Proceeds From Sale of Other Real Estate Owned	Proceeds From Sale of Other Real Estate Owned	—	37	Proceeds From Sale of Other Real Estate Owned	142	37
(Increase) Decrease in Restricted Equity Securities	(Increase) Decrease in Restricted Equity Securities	(503)	599	(Increase) Decrease in Restricted Equity Securities	(517)	619
NET CASH USED IN INVESTING ACTIVITIES	NET CASH USED IN INVESTING ACTIVITIES	(38,059)	(19,007)	NET CASH USED IN INVESTING ACTIVITIES	(44,381)	(25,771)
FINANCING ACTIVITIES	FINANCING ACTIVITIES			FINANCING ACTIVITIES		
Net Decrease in Deposits		(5,188)	(11,423)			
Net (Decrease) Increase in Deposits				Net (Decrease) Increase in Deposits	(32,214)	49,221
Net Decrease in Short-Term Borrowings	Net Decrease in Short-Term Borrowings	(8,060)	(7,088)	Net Decrease in Short-Term Borrowings	(8,060)	(21,158)
Proceeds From Other Borrowed Funds	Proceeds From Other Borrowed Funds	20,000	—	Proceeds From Other Borrowed Funds	20,000	—
Cash Dividends Paid	Cash Dividends Paid	(2,554)	(2,474)	Cash Dividends Paid	(3,832)	(3,698)
Treasury Stock, Purchases at Cost	Treasury Stock, Purchases at Cost	(327)	(3,988)	Treasury Stock, Purchases at Cost	(327)	(4,682)
Exercise of Stock Options	Exercise of Stock Options	45	167	Exercise of Stock Options	45	165
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		3,916	(24,806)			
DECREASE IN CASH AND CASH EQUIVALENTS		(25,607)	(38,553)			

NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES				NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(24,388)	19,848
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS				(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(51,103)	3,127
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	103,700	119,674	CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	103,700	119,674
CASH AND DUE FROM BANKS AT END OF PERIOD	CASH AND DUE FROM BANKS AT END OF PERIOD	$ 78,093	$ 81,121	CASH AND DUE FROM BANKS AT END OF PERIOD	$ 52,597	$ 122,801

The accompanying notes are an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Six Months Ended June 30,		**2023**	**2022**			
Nine Months Ended September 30,				**Nine Months Ended September 30,**	**2023**	**2022**
(Dollars in thousands)	*(Dollars in thousands)*			*(Dollars in thousands)*		
SUPPLEMENTAL CASH FLOW INFORMATION:	SUPPLEMENTAL CASH FLOW INFORMATION:			SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid For:	Cash Paid For:			Cash Paid For:		
Interest on Deposits and Borrowings (Including Interest Credited to Deposits of $5,462 and $1,166, Respectively)		$ 5,781	$ 1,560			
Interest on Deposits and Borrowings (Including Interest Credited to Deposits of $9,923 and $2,322, Respectively)				Interest on Deposits and Borrowings (Including Interest Credited to Deposits of $9,923 and $2,322, Respectively)	$ 10,511	$ 2,764
Income Taxes				Income Taxes	2,570	3,247
SUPPLEMENTAL NONCASH DISCLOSURE:	SUPPLEMENTAL NONCASH DISCLOSURE:			SUPPLEMENTAL NONCASH DISCLOSURE:		
Proceeds receivable from claims on bank-owned life insurance		664	—			
Other Real Estate Acquired in Settlement of Loans	Other Real Estate Acquired in Settlement of Loans	166	—	Other Real Estate Acquired in Settlement of Loans	248	—
Syndicated Loans Purchased and Sold not Settled, net	Syndicated Loans Purchased and Sold not Settled, net	6,976	—	Syndicated Loans Purchased and Sold not Settled, net	(1,967)	—
Right of Use Asset Recognized	Right of Use Asset Recognized	—	1,284	Right of Use Asset Recognized	—	1,284
Lease Liability Recognized	Lease Liability Recognized	—	1,284	Lease Liability Recognized	—	1,284

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of CB Financial Services, Inc. ("CB Financial") and its wholly owned subsidiary, Community Bank (the "Bank"), and the Bank's wholly-owned subsidiary, Exchange Underwriters, Inc. ("Exchange Underwriters"). CB Financial, the Bank and Exchange Underwriters are collectively referred to as the "Company". All intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and in conformity with accounting principles generally accepted in the United States of America ("GAAP") and with general practice within the banking industry. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading in any material respect. In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Statements of Financial Condition and income and expenses for the reporting period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to determination of the allowance for credit losses on loans, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, impairment evaluations of securities, goodwill and intangible assets impairment, and the valuation of deferred tax assets.

In the opinion of management, the accompanying unaudited interim financial statements include all adjustments considered necessary for a fair presentation of the Company's financial position and results of operations at the dates and for the periods presented. All these adjustments are of a normal, recurring nature, and they are the only adjustments included in the accompanying unaudited interim financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. Interim results are not necessarily indicative of results for a full year.

Nature of Operations

The Company derives substantially all its income from banking and bank-related services which include interest income on commercial, commercial mortgage, residential real estate and consumer loan financing, as well as interest and dividend income on securities, insurance commissions, and fees generated from deposit services to its customers. The Company provides banking services through its subsidiary, Community Bank, a Pennsylvania-chartered commercial bank headquartered in Carmichaels, Pennsylvania. The Bank is a community-oriented institution offering residential and commercial real estate loans, commercial and industrial loans, and consumer loans as well as a variety of deposit products for individuals and businesses in its market area. The Bank operates 10 branches in Greene, Allegheny, Washington, Fayette and Westmoreland Counties in southwestern Pennsylvania, and three branches in Marshall and Ohio Counties in West Virginia. Property and casualty, commercial liability, surety and other insurance products are offered through Exchange Underwriters, a full-service, independent insurance agency.

Critical Accounting Policies; Use of Critical Accounting Estimates

The disclosures below supplement the accounting policies previously disclosed in Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC. The updates reflect the adoption of Financial Accounting Standard Board ("FASB") ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, referred to as ASC 326 or, more commonly, referred to as Current Expected Credit Losses (CECL).

Allowance for Credit Losses (ACL)

On January 1, 2023, the Company adopted ASU 2016-13, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology. The Company adopted ASU 2016-13 using a modified retrospective approach. Results for reporting periods beginning after January 1, 2023 are presented under Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption resulted in a decrease of $3.4 million to the Company's ACL related to loans receivable (ACL - Loans) and an increase of $718,000 in ACL for unfunded commitments (ACL - Unfunded Commitments). The net impact resulted in a $2.1 million increase to retained earnings, net of deferred taxes.

The ACL represents the estimated amount considered necessary to cover lifetime expected credit losses inherent in financial assets at the balance sheet date. The measurement of expected credit losses is applicable to loans receivable and securities measured at amortized cost. It also applies to off-balance sheet credit exposures such as loan commitments and unused lines of

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credit. The allowance is established through a provision for credit losses that is charged against income. The methodology for determining the allowance for credit losses is considered a critical accounting policy by management because of the high degree of judgment involved, the subjectivity of the assumptions used, and the potential for changes in the forecasted economic environment that could result in changes to the amount of the recorded ACL. The ACL is reported separately as a contra-asset on the consolidated statement Consolidated Statement of financial condition. Financial Condition. The expected credit loss for unfunded loan commitments is reported on the Consolidated Statement of Financial Condition in other liabilities while the provision for credit losses related to unfunded commitments is reported in provision for credit losses - unfunded commitments in the Consolidated Statements of Income.

ACL on Loans Receivable
The ACL on loans is deducted from the amortized cost basis of the loan to present the net amount expected to be collected. Expected losses are evaluated and calculated on a collective, or pooled, basis for those loans which share similar risk characteristics. At each reporting period, the Company evaluates whether loans within a pool continue to exhibit similar risk characteristics. If the risk characteristics of a loan change, such that they are no longer similar to other loans in the pool, the Company will evaluate the loan with a different pool of loans that share similar risk characteristics. If the loan does not share risk characteristics with other loans, the Company will evaluate the loan on an individual basis. The Company evaluates the pooling methodology at least annually. Loans are charged off against the ACL when the Company believes the balances to be uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged off or expected to be charged off.

The Company has chosen to segment its portfolio consistent with the manner in which it manages credit risk. Such segments include residential mortgage, commercial real estate mortgages, construction, commercial business, consumer and other. For most segments, the Company calculates estimated credit losses using a probability of default and loss given default methodology, the results of which are applied to the aggregated discounted cash flow of each individual loan within the segment. The point in time probability of default and loss given default are then conditioned by macroeconomic scenarios to incorporate reasonable and supportable forecasts that affect the collectability of the reported amount.

The Company estimates the ACL on loans via a quantitative analysis which considers relevant available information from internal and external sources related to past events and current conditions, as well as the incorporation of reasonable and supportable forecasts. The Company evaluates a variety of factors including third party economic forecasts, industry trends and other available published economic information in arriving at its forecasts. After the reasonable and supportable forecast period, the Company reverts, on a straight-line basis, to average historical losses. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a restructuring will be executed with an individual borrower or the renewal option is included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

Also included in the ACL on loans are qualitative reserves to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative analysis or the forecasts described above. Factors that the Company considers include changes in lending policies and procedures, business conditions, the nature and size of the portfolio, portfolio concentrations, the volume and severity of past due loans and non-accrual loans, and the effect of external factors such as competition, legal and regulatory requirements, among others. Furthermore, the Company considers the inherent uncertainty in quantitative models that are built upon historical data.

Individually Evaluated Loans
On a case-by-case basis, the Company may conclude that a loan should be evaluated on an individual basis based on its disparate risk characteristics. When the Company determines that a loan no longer shares similar risk characteristics with other loans in the portfolio, the allowance will be determined on an individual basis using the present value of expected cash flows or, for collateral-dependent loans, the fair value of the collateral as of the reporting date, less estimated selling costs, as applicable. If the fair value of the collateral is less than the amortized cost basis of the loan, the Company will charge off the difference between the fair value of the collateral, less estimated costs to sell at the reporting date, and the amortized cost basis of the loan.

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ACL on Off-Balance Sheet Commitments
The Company is required to include unfunded commitments that are expected to be funded in the future within the allowance calculation, other than those that are unconditionally cancellable. To arrive at that reserve, the reserve percentage for each applicable segment is applied to the unused portion of the expected commitment balance and is multiplied by the expected funding rate. To determine the expected funding rate, the Company uses a historical utilization rate for each segment. As noted above, the ACL on unfunded loan commitments is included in other liabilities on the Consolidated Statement of Financial Condition and the related credit expense is recorded in provision for credit losses - unfunded commitments in the Consolidated Statements of Income.

ACL on Available for Sale Available-for-Sale Securities
For available for sale available-for-sale securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For securities available for sale available-for-sale that do not meet the above criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating by a rating agency, and adverse conditions related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income (loss), net of tax. The Company elected the practical expedient of zero loss estimates for securities issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major agencies and have a long history of no credit losses.

Changes in the ACL are recorded as provision for, or reversal of, credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available for sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued Interest Receivable
The Company made an accounting policy election to exclude accrued interest receivable from the amortized cost basis of loans and available for sale securities. Accrued interest receivable on loans is reported as a component of accrued interest receivable and other assets on the Consolidated Statement of Financial Condition, totaled $4.0 million at June 30, 2023 September 30, 2023 and is excluded from the estimate of credit losses. Accrued interest receivable on available of sale securities, also a component of accrued interest

receivable and other assets on the Consolidated Statement of Financial Condition, totaled $534,000, at June 30, 2023 September 30, 2023 and is excluded from the estimate of credit losses.

Recent Accounting Standards

In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* that extends the period of time preparers can utilize the reference rate reform relief guidance. In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, as amended*. This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London Inter-bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. The elective guidance in the ASU applies to modifications of contract terms that will directly replace, or have the potential to replace, an affected rate with another interest rate index, as well as certain contemporaneous modifications of other contract terms related to the replacement of an affected rate. The ASU notes that changes in contract terms that are made to effect the reference rate reform transition are considered related to the replacement of a reference rate if they are not the result of a business decision that is separate from or in addition to changes to the terms of a contract to effect that transition. The optional expedient allows companies to account for the modification as if it was not substantial (i.e., do not treat as an extinguishment of debt). To ensure the relief in Topic 848 covers the period of time during which a significant number of modifications may take place, ASU 2022-06 defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. For all entities, the amendments in ASU 2022-06 are effective upon issuance. As of June 30, 2023 September 30, 2023, the Company has identified approximately $16.2 million in outstanding loan balances and a one $5.0 million corporate debt security tied to the LIBOR reference rate. The Company has not yet made any contract modifications. The Company is currently evaluating the potential impact of this guidance on its consolidated statements of financial statements and results of operations.

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Note 2. Earnings Per Share

There are no convertible securities which would affect the numerator in calculating basic and diluted earnings per share; therefore, net income as presented on the Consolidated Statements of Income is used as the numerator.

The following table sets forth the composition of the weighted-average common shares (denominator) used in the basic and diluted earnings per share computation.

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
(Dollars in thousands, except share and per share data)	*(Dollars in thousands, except share and per share data)*					*(Dollars in thousands, except share and per share data)*				
Net Income	Net Income	$ 2,757	$ 118	$ 6,915	$ 3,165	Net Income	$ 2,672	$ 3,929	$ 9,586	$ 7,094
Weighted-Average Basic Common Shares Outstanding	Weighted-Average Basic Common Shares Outstanding	5,111,987	5,147,846	5,110,799	5,172,881	Weighted-Average Basic Common Shares Outstanding	5,115,026	5,106,861	5,112,223	5,150,632
Dilutive Effect of Common Stock Equivalents (Stock Options and Restricted Stock)	Dilutive Effect of Common Stock Equivalents (Stock Options and Restricted Stock)	4,147	9,129	7,597	16,263	Dilutive Effect of Common Stock Equivalents (Stock Options and Restricted Stock)	11,520	11,766	6,056	14,744
Weighted-Average Diluted Common Shares and Common Stock Equivalents Outstanding	Weighted-Average Diluted Common Shares and Common Stock Equivalents Outstanding	5,116,134	5,156,975	5,118,396	5,189,144	Weighted-Average Diluted Common Shares and Common Stock Equivalents Outstanding	5,126,546	5,118,627	5,118,279	5,165,376
Earnings Per Share:	Earnings Per Share:					Earnings Per Share:				
Basic	Basic	$ 0.54	$ 0.02	$ 1.35	$ 0.61	Basic	$ 0.52	$ 0.77	$ 1.88	$ 1.38
Diluted	Diluted	0.54	0.02	1.35	0.61	Diluted	0.52	0.77	1.87	1.37

The dilutive effect on weighted average diluted common shares outstanding is the result of outstanding stock options and nonvested restricted stock. The following table presents for the periods indicated (a) options to purchase shares of common stock that were outstanding but not included in the computation of earnings per share because the options' exercise price was greater than the average market price of the common shares for the period, and (b) shares of restricted stock awards that were not included in the computation of diluted earnings per share because the hypothetical repurchase of shares under the treasury stock method exceeded the weighted average nonvested restricted awards, therefore the effects would be anti-dilutive.

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Stock Options	Stock Options	339,123	156,118	339,123	156,118	Stock Options	339,123	149,367	339,123	149,367
Restricted Stock	Restricted Stock	58,527	37,940	51,727	37,940	Restricted Stock	25,352	36,490	60,727	37,490

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Note 3. Securities

The following table presents the amortized cost and fair value of securities available-for-sale at the dates indicated:

		June 30, 2023					September 30, 2023			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Available-for-Sale Debt Securities:	Available-for-Sale Debt Securities:					Available-for-Sale Debt Securities:				
U.S. Government Agencies	U.S. Government Agencies	$ 53,994	$ —	$ (8,612)	$ 45,382	U.S. Government Agencies	$ 53,994	$ —	$ (9,893)	$ 44,101
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	13,810	—	(598)	13,212	Obligations of States and Political Subdivisions	13,813	—	(1,139)	12,674
Mortgage-Backed Securities - Government-Sponsored Enterprises	Mortgage-Backed Securities - Government-Sponsored Enterprises	43,226	—	(4,818)	38,408	Mortgage-Backed Securities - Government-Sponsored Enterprises	41,598	—	(5,830)	35,768
Collateralized Mortgage Obligations - Government Sponsored Enterprises	Collateralized Mortgage Obligations - Government Sponsored Enterprises	92,117	—	(17,418)	74,699	Collateralized Mortgage Obligations - Government Sponsored Enterprises	89,505	—	(18,916)	70,589
Corporate Debt	Corporate Debt	9,486	—	(2,126)	7,360	Corporate Debt	9,485	—	(2,042)	7,443
Total Available-for-Sale Debt Securities	Total Available-for-Sale Debt Securities	212,633	—	(33,572)	179,061	Total Available-for-Sale Debt Securities	208,395	—	(37,820)	170,575
Equity Securities:	Equity Securities:					Equity Securities:				
Mutual Funds	Mutual Funds				875	Mutual Funds				868
Other	Other				1,491	Other				1,461
Total Equity Securities	Total Equity Securities				2,366	Total Equity Securities				2,329

Total Securities	Total Securities	$ 181,427	Total Securities	$ 172,904

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in thousands)				
Available-for-Sale Debt Securities:				
U.S. Government Agencies	$ 53,993	$ —	$ (9,359)	$ 44,634
Obligations of States and Political Subdivisions	14,053	—	(711)	13,342
Mortgage-Backed Securities - Government-Sponsored Enterprises	46,345	—	(4,918)	41,427
Collateralized Mortgage Obligations - Government Sponsored Enterprises	96,930	—	(17,288)	79,642
Corporate Debt	9,487	—	(1,172)	8,315
Total Available-for-Sale Debt Securities	220,808	—	(33,448)	187,360
Equity Securities:				
Mutual Funds				875
Other				1,823
Total Equity Securities				2,698
Total Securities				$ 190,058

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The following tables show the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position, at the dates indicated:

		June 30, 2023												
		Less than 12 months			12 Months or Greater			Total				Less than 12 months		
		Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses		Number of Securities	Fair Value	Gross Unrealized Losses
(Dollars in thousands)	*(Dollars in thousands)*										*(Dollars in thousands)*			
U.S. Government Agencies	U.S. Government Agencies	—	$ —	$ —	13	$ 45,382	$ (8,612)	13	$ 45,382	$ (8,612)	U.S. Government Agencies	—	$ —	$ —
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	23	9,343	(413)	10	3,869	(185)	33	13,212	(598)	Obligations of States and Political Subdivisions	1	527	(17)
Mortgage Backed Securities-Government Sponsored Enterprises	Mortgage Backed Securities-Government Sponsored Enterprises	24	13,333	(781)	18	25,075	(4,037)	42	38,408	(4,818)	Mortgage Backed Securities-Government Sponsored Enterprises	—	—	—
Collateralized Mortgage Obligations - Government Sponsored Enterprises	Collateralized Mortgage Obligations - Government Sponsored Enterprises	1	59	(1)	20	74,640	(17,417)	21	74,699	(17,418)	Collateralized Mortgage Obligations - Government Sponsored Enterprises	—	—	—
Corporate Debt	Corporate Debt	—	—	—	3	7,360	(2,126)	3	7,360	(2,126)	Corporate Debt	—	—	—
Total	Total	48	$22,735	$ (1,195)	64	$156,326	$ (32,377)	112	$179,061	$ (33,572)	Total	1	$ 527	$ (17)

December 31, 2022

	Less than 12 months			12 Months or Greater			Total		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
(Dollars in thousands)									
U.S. Government Agencies	1	$ 2,600	$ (400)	12	$ 42,034	$ (8,959)	13	$ 44,634	$ (9,359)
Obligations of States and Political Subdivisions	34	13,342	(711)	—	—	—	34	13,342	(711)
Mortgage Backed Securities- Government Sponsored Enterprises	34	19,433	(1,018)	8	21,994	(3,900)	42	41,427	(4,918)
Collateralized Mortgage Obligations - Government Sponsored Enterprises	12	25,395	(3,393)	10	54,247	(13,895)	22	79,642	(17,288)
Corporate Debt	1	1,665	(335)	2	6,650	(837)	3	8,315	(1,172)
Total	82	$ 62,435	$ (5,857)	32	$ 124,925	$ (27,591)	114	$ 187,360	$ (33,448)

For debt securities, the Company does not believe that any individual unrealized loss as of June 30, 2023 September 30, 2023 or December 31, 2022, represents a credit related impairment. The Company performs a review of the entire securities portfolio on a quarterly basis to identify securities that may indicate a credit related impairment. The unrealized losses on securities at June 30, 2023 September 30, 2023 and December 31, 2022 relate principally to changes in market interest rates subsequent to the acquisition of the specific securities.

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The Company does not intend to sell, and it is more likely than not that it will be required to sell any of the securities in an unrealized loss position before recovery of its amortized cost or maturity of the security.

Total securities available to be pledged have a fair value of $171.7 million $163.1 million at June 30, 2023 September 30, 2023 and $179.0 million at December 31, 2022 of which securities with a fair value of $171.4 million $152.1 million and $175.6 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively, were pledged to secure uninsured public deposits, short-term borrowings and for other purposes as required or permitted by law.

The following table presents the scheduled maturities of debt securities as of the date indicated:

	June 30, 2023			September 30, 2023		
		Amortized Cost	Fair Value		Amortized Cost	Fair Value
(Dollars in thousands)	*(Dollars in thousands)*			*(Dollars in thousands)*		
Due in One Year or Less	Due in One Year or Less	$ —	$ —	Due in One Year or Less	$ —	$ —
Due after One Year through Five Years	Due after One Year through Five Years	26,527	23,478	Due after One Year through Five Years	31,868	27,619
Due after Five Years through Ten Years	Due after Five Years through Ten Years	57,391	49,177	Due after Five Years through Ten Years	51,926	43,070
Due after Ten Years	Due after Ten Years	128,715	106,406	Due after Ten Years	124,601	99,886
Total	Total	$ 212,633	$ 179,061	Total	$ 208,395	$ 170,575

The following table presents the gain and loss on equity securities from both realized sales and unrealized market adjustments for the periods indicated. There were no realized gain or loss on sales of debt securities for the periods indicated. All gains and losses presented in the table below are reported in Net Loss on Securities on the Consolidated Statements of Income.

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Equity Securities	Equity Securities					Equity Securities				

Net Unrealized Loss Recognized on Securities Held	Net Unrealized Loss Recognized on Securities Held	$	(100)	$	(199)	$	(332)	$	(206)	Net Unrealized Loss Recognized on Securities Held	$	(37)	$	(46)	$	(369)	$	(252)
Net Realized Gain Recognized on Securities Sold	Net Realized Gain Recognized on Securities Sold		—		—		—		—	Net Realized Gain Recognized on Securities Sold		—		—		—		—
Net Loss on Equity Securities	Net Loss on Equity Securities	$	(100)	$	(199)	$	(332)	$	(206)	Net Loss on Equity Securities	$	(37)	$	(46)	$	(369)	$	(252)
Net Loss on Securities	Net Loss on Securities	$	(100)	$	(199)	$	(332)	$	(206)	Net Loss on Securities	$	(37)	$	(46)	$	(369)	$	(252)

Note 4. Loans and Allowance for Credit Losses

The Company's loan portfolio is segmented to enable management to monitor risk and performance. Real estate loans are further segregated into three classes. Residential mortgages include those secured by residential properties and include home equity loans, while commercial mortgages consist of loans to commercial borrowers secured by commercial real estate. Construction loans typically consist of loans to build commercial buildings and acquire and develop residential real estate. The commercial and industrial segment consists of loans to finance the activities of commercial customers. The consumer segment consists primarily of indirect auto loans as well as personal installment loans and personal or overdraft lines of credit.

Residential mortgage loans are typically longer-term loans and, therefore, generally present greater interest rate risk than the consumer and commercial loans. Under certain economic conditions, housing values may decline, which may increase the risk that the collateral values are not sufficient.

Commercial real estate loans generally present a higher level of credit risk than loans secured by residences. This greater risk is due to several factors, including the concentration of principal in a limited number of loans and borrowers, the effect of general economic conditions on income-producing properties, and the increased difficulty in evaluating and monitoring these types of loans. Furthermore, the repayment of commercial real estate loans is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed, a bankruptcy court modifies a lease term, or a major tenant is unable to fulfill its lease obligations), the borrower's ability to repay the loan may be impaired.

Construction loans are originated to individuals to finance the construction of residential dwellings and are also originated for the construction of commercial properties, including hotels, apartment buildings, housing developments, and owner-occupied properties used for businesses. Construction loans generally provide for the payment of interest only during the construction

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phase, which is usually 12 to 18 months. At the end of the construction phase, the loan generally converts to a permanent residential or commercial mortgage loan. Construction loan risks include overfunding in comparison to the plans, untimely completion of work, and leasing and stabilization after project completion.

Commercial and industrial loans are generally secured by inventories, accounts receivable, and other business assets, which present collateral risk.

Consumer loans generally have higher interest rates and shorter terms than residential mortgage loans; however, they have additional credit risk due to the type of collateral securing the loan.

The following table presents the classifications of loans as of the dates indicated.

			June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Real Estate:	Real Estate:					Real Estate:				
Residential	Residential	$	338,493	$	330,725	Residential	$	346,485	$	330,725
Commercial	Commercial		458,614		436,805	Commercial		466,910		436,805
Construction	Construction		44,523		44,923	Construction		41,874		44,923
Commercial and Industrial	Commercial and Industrial		102,266		70,044	Commercial and Industrial		100,873		70,044
Consumer	Consumer		134,788		146,927	Consumer		122,516		146,927
Other	Other		22,470		20,449	Other		23,856		20,449
Total Loans	Total Loans		1,101,154		1,049,873	Total Loans		1,102,514		1,049,873
Allowance for Credit Losses	Allowance for Credit Losses		(10,666)		(12,819)	Allowance for Credit Losses		(10,848)		(12,819)
Loans, Net	Loans, Net	$	1,090,488	$	1,037,054	Loans, Net	$	1,091,666	$	1,037,054

Net unamortized PPP loan origination fees as of June 30, 2023 and December 31, 2022 There were $1,000 and $5,000 respectively. Additionally, $1,000 and $4,000 of net PPP loan origination fees were earned for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, compared to $130,000 and $534,000 $651,000 for the three and six nine months ended June 30, 2022, respectively. September 30, 2022. All PPP loans are classified as commercial and industrial loans held for investment. No allowance for credit loss was allocated to the PPP loan portfolio due to the Bank complying with the lender obligations that ensure SBA guarantee.

Total unamortized net deferred loan fees were $1.1 million and $1.2 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The Company uses an eight-point internal risk rating system to monitor the credit quality of the overall loan portfolio. The first four categories are not considered criticized and are aggregated as "pass" rated. The criticized rating categories used by management generally follow bank regulatory definitions. The special mention category includes assets that are currently protected but are below average quality, resulting in an undue credit risk, but not to the point of justifying a substandard classification. Loans in the substandard category have well-defined weaknesses that jeopardize the liquidation of the debt and have a distinct possibility that some loss will be sustained if the weaknesses are not corrected. Loans classified as doubtful have all the weaknesses inherent in loans classified as substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as Loss are considered uncollectible and of such little value that continuance as an asset is not warranted.

The following table presents the Company's loans by year of origination, loan segmentation and risk indicator summarized by the aggregate Pass and the criticized categories of Special Mention, Substandard and Doubtful within the internal risk rating system as of June 30, 2023 September 30, 2023. There were no loans in the criticized category of loss.

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(dollars in thousands)	*(dollars in thousands)*	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
	Classified Loans by Origination Year (as of June 30, 2023)								
Real Estate:	Real Estate:								
Residential	Residential								
Pass	Pass	$18,613	$ 45,643	$ 43,464	$ 60,025	$ 40,379	$113,249	$ 14,213	$ 335,586
Special Mention	Special Mention	—	—	514	—	—	411	—	925
Substandard	Substandard	—	—	154	—	—	1,828	—	1,982
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Loss	Loss	—	—	—	—	—	—	—	—
Total	Total	18,613	45,643	44,132	60,025	40,379	115,488	14,213	338,493
Commercial	Commercial								
Pass	Pass	33,675	76,166	92,455	50,075	49,195	116,799	1,732	420,097
Special Mention	Special Mention	—	—	1,496	2,970	5,576	15,509	—	25,551
Substandard	Substandard	—	—	—	—	4,521	8,445	—	12,966
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Loss	Loss	—	—	—	—	—	—	—	—
Total	Total	33,675	76,166	93,951	53,045	59,292	140,753	1,732	458,614
Construction	Construction								
Pass	Pass	7,694	15,531	10,184	7,784	—	—	937	42,130
Special Mention	Special Mention	—	1,249	850	—	—	1	—	2,100
Substandard	Substandard	—	—	—	—	—	293	—	293
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Loss	Loss	—	—	—	—	—	—	—	—
Total	Total	7,694	16,780	11,034	7,784	—	294	937	44,523
Commercial and Industrial	Commercial and Industrial								
Pass	Pass	22,732	17,719	9,665	6,188	3,756	930	30,027	91,017

(dollars in thousands)	2023	2022	2021	2020
Classified Loans by Origination Y				
Real Estate:				
Residential				
Pass	$ 27,523	$ 48,832	$ 43,523	$ 59,212
Special Mention	—	1,329	865	—
Substandard	—	—	154	—
Doubtful	—	—	—	—
Loss	—	—	—	—
Total	27,523	50,161	44,542	59,212
Commercial				
Pass	49,906	74,121	89,886	49,511
Special Mention	—	3,181	5,239	2,864
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	—	—	—	—
Total	49,906	77,302	95,125	52,375
Construction				
Pass	9,357	10,425	4,761	7,780
Special Mention	4,496	3,601	663	—
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	—	—	—	—
Total	13,853	14,026	5,424	7,780
Commercial and Industrial				
Pass	26,186	15,075	8,934	5,879

Special Mention	Special Mention	—	—	—	18	5	3,314	3,533	6,870	Special Mention	—	—	—	15
Substandard	Substandard	—	—	—	—	—	4,012	—	4,012	Substandard	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	367	—	367	Doubtful	—	—	—	—
Loss	Loss	—	—	—	—	—	—	—	—	Loss	—	—	—	—
Total	Total	22,732	17,719	9,665	6,206	3,761	8,623	33,560	102,266	Total	26,186	15,075	8,934	5,894
Consumer	Consumer									Consumer				
Pass	Pass	14,617	57,770	31,372	13,857	5,940	6,939	4,091	134,586	Pass	13,561	53,164	28,208	12,122
Special Mention	Special Mention	—	—	—	—	—	—	—	—	Special Mention	—	—	—	—
Substandard	Substandard	—	77	20	2	—	103	—	202	Substandard	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—	Doubtful	—	—	—	—
Loss	Loss	—	—	—	—	—	—	—	—	Loss	—	—	—	—
Total	Total	14,617	57,847	31,392	13,859	5,940	7,042	4,091	134,788	Total	13,561	53,164	28,208	12,122
Other	Other									Other				
Pass	Pass	—	15,312	47	685	1,337	4,189	851	22,421	Pass	55	15,548	44	671
Special Mention	Special Mention	—	—	—	—	—	49	—	49	Special Mention	—	1,609	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—	Substandard	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—	Doubtful	—	—	—	—
Loss	Loss	—	—	—	—	—	—	—	—	Loss	—	—	—	—
Total	Total	—	15,312	47	685	1,337	4,238	851	22,470	Total	55	17,157	44	671
Total Loans	Total Loans	$97,331	$229,467	$190,221	$141,604	$110,709	$276,438	$ 55,384	$1,101,154	Total Loans	$131,084	$226,885	$182,277	$138,054	$1(
Gross Charge Offs	Gross Charge Offs	$ —	$ 92	$ 21	$ —	$ —	$ 105	$ 16	$ 234	Gross Charge Offs	$ —	$ 161	$ 41	$ —	$

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The following table presents the Company's loan segmentation and risk indicator summarized by the aggregate Pass and the criticized categories of Special Mention, Substandard and Doubtful within the internal risk rating system as of December 31, 2022, prior to the adoption of ASU 2016-13:

	December 31, 2022				
	Pass	**Special Mention**	**Substandard**	**Doubtful**	**Total**
(Dollars in Thousands)					
Real Estate:					
Residential	$ 327,531	$ 1,180	$ 2,014	$ —	$ 330,725
Commercial	395,168	29,680	11,957	—	436,805
Construction	42,693	1,912	318	—	44,923
Commercial and Industrial	58,562	10,977	90	415	70,044
Consumer	146,807	—	120	—	146,927
Other	20,394	55	—	—	20,449
Total Loans	$ 991,155	$ 43,804	$ 14,499	$ 415	$ 1,049,873

The following table presents the classes of the loan portfolio summarized by the aging categories of performing loans and nonaccrual loans as of the dates indicated.

		June 30, 2023								September 30, 2023						
		Loans Current	**30-59 Days Past Due**	**60-89 Days Past Due**	**90 Days Or More Past Due**	**Total Past Due**	**Non-Accrual**	**Total Loans**		**Loans Current**	**30-59 Days Past Due**	**60-89 Days Past Due**	**90 Days Or More Past Due**	**Total Past Due**	**Non-Accrual**	**Total Loans**
(Dollars in Thousands)	*(Dollars in Thousands)*								*(Dollars in Thousands)*							

Real Estate:	Real Estate:								Real Estate:							
Residential	Residential	$ 334,719	$ 2,155	$ 144	$ —	$ 2,299	$ 1,475	$ 338,493	Residential	$ 341,115	$ 3,605	$ 38	$ —	$ 3,643	$ 1,727	$ 346,485
Commercial	Commercial	456,563	—	—	—	—	2,051	458,614	Commercial	465,527	250	—	—	250	1,133	466,910
Construction	Construction	44,105	418	—	—	418	—	44,523	Construction	41,874	—	—	—	—	—	41,874
Commercial and Industrial	Commercial and Industrial	101,899	—	—	—	—	367	102,266	Commercial and Industrial	100,531	—	—	—	—	342	100,873
Consumer	Consumer	133,915	590	81	—	671	202	134,788	Consumer	121,616	761	55	—	816	84	122,516
Other	Other	22,470	—	—	—	—	—	22,470	Other	23,856	—	—	—	—	—	23,856
Total Loans	Total Loans	$ 1,093,671	$ 3,163	$ 225	$ —	$ 3,388	$ 4,095	$ 1,101,154	Total Loans	$ 1,094,519	$ 4,616	$ 93	$ —	$ 4,709	$ 3,286	$ 1,102,514

	December 31, 2022						
	Loans Current	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Non-Accrual	Total Loans
(Dollars in Thousands)							
Real Estate:							
Residential	$ 325,591	$ 3,451	$ 34	$ —	$ 3,485	$ 1,649	$ 330,725
Commercial	434,933	58	—	—	58	1,814	436,805
Construction	44,923	—	—	—	—	—	44,923
Commercial and Industrial	69,621	8	—	—	8	415	70,044
Consumer	145,887	854	66	—	920	120	146,927
Other	20,449	—	—	—	—	—	20,449
Total Loans	$ 1,041,404	$ 4,371	$ 100	$ —	$ 4,471	$ 3,998	$ 1,049,873

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Additional interest income that would have been recorded if the loans that were nonaccrual at June 30, 2023 September 30, 2023 were current was $61,000 $41,000 and $86,000 $127,000 for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $43,000 $56,000 and $94,000 $142,000 for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

The following table sets forth the amounts for amortized cost basis of loans on nonaccrual status, loans past due 90 days still accruing, and categories of nonperforming assets at the date indicated.

		June 30, 2023					September 30, 2023			
		Nonaccrual With No ACL	Nonaccrual With ACL	Loans Past Due 90 Days Still Accruing	Total Nonperforming Assets		Nonaccrual With No ACL	Nonaccrual With ACL	Loans Past Due 90 Days Still Accruing	Total Nonperforming Assets
(Dollars in Thousands)	*(Dollars in Thousands)*					*(Dollars in Thousands)*				
Nonaccrual Loans:	Nonaccrual Loans:					Nonaccrual Loans:				
Real Estate:	Real Estate:					Real Estate:				
Residential	Residential	$ 1,475	$ —	$ —	$ 1,475	Residential	$ 1,727	$ —	$ —	$ 1,727
Commercial	Commercial	2,051	—	—	2,051	Commercial	1,133	—	—	1,133
Commercial and Industrial	Commercial and Industrial	367	—	—	367	Commercial and Industrial	342	—	—	342
Consumer	Consumer	202	—	—	202	Consumer	84	—	—	84
Total Nonaccrual Loans	Total Nonaccrual Loans	$ 4,095	$ —	$ —	4,095	Total Nonaccrual Loans	$ 3,286	$ —	$ —	3,286
Other Real Estate Owned:	Other Real Estate Owned:					Other Real Estate Owned:				
Residential	Residential				129	Residential				—
Commercial	Commercial				37	Commercial				—

Total Other Real Estate Owned	Total Other Real Estate Owned		166	Total Other Real Estate Owned	—
Total Nonperforming Assets	Total Nonperforming Assets	$	4,261	Total Nonperforming Assets	$ 3,286

No interest income on nonaccrual loans was recognized during the three and six nine months ended June 30, 2023 September 30, 2023.

In conjunction with the adoption of ASU 2016-13, ASU 2022-02 was adopted and eliminates the troubled debt restructurings ("TDR") recognition and measurement. With the elimination of TDRs, ASU 2022-02 requires that all modifications and refinancing, including those with borrowers that are experiencing financial difficulty are subject to the modification guidance in ASC 310-20. Loan modifications could meet the definition of a new loan if certain terms of the loan are modified to the benefit of the lender and the modification to the terms of the loan are more than minor. Both of these criteria have to be met to define the modification as a new loan. If a loan modification meets the criteria of new loan, then the new loan should include the remaining net investment in the original loan, additional funds advanced, fees received, and direct loan origination costs with the refinancing or restructuring. Additionally, the effective interest rate should be recalculated based on the amortized cost basis of the new loan and reassess contractual cash flow. For the three and six nine months ended June 30, 2023 September 30, 2023, there were no new loan modifications to borrowers experiencing financial difficulty in the past 12 months under the current guidance.

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The following table sets forth the amounts and categories of nonperforming assets at the dates indicated as of December 31, 2022, prior to the adoption of ASU 2016-13. Included in nonperforming loans and assets are TDRs, which are loans whose contractual terms have been restructured in a manner which grants a concession to a borrower experiencing financial difficulties. Nonaccrual TDRs are included in their specific loan category in the nonaccrual loans section.

		December 31, 2022
(Dollars in Thousands)		
Nonaccrual Loans:		
Real Estate:		
Residential	$	1,649
Commercial		1,814
Commercial and Industrial		415
Consumer		120
Total Nonaccrual Loans		3,998
Accruing Loans Past Due 90 Days or More:		
Total Accruing Loans Past Due 90 Days or More		—
Total Nonaccrual Loans and Accruing Loans Past Due 90 Days or More		3,998
Troubled Debt Restructurings, Accruing:		
Real Estate		
Residential		534
Commercial		1,260
Commercial and Industrial		7
Total Troubled Debt Restructurings, Accruing		1,801
Total Nonperforming Loans		5,799
Total Nonperforming Assets	$	5,799

The recorded investment of residential real estate loans for which formal foreclosure proceedings were in process according to applicable requirements of the local jurisdiction was $756,000 $900,000 and $1.4 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The activity in the ACL - Loans is summarized below by primary segments for the periods indicated:

		Real Estate Residential	**Real Estate Commercial**	**Real Estate Construction**	**Commercial and Industrial**	**Consumer**	**Other**	**Unallocated**	**Total**		**Real Estate Residential**	**Real Estate Commercial**	**Real Estate Construction**	**Comm ar Indus**
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*				
March 31, 2023		$ 2,156	$ 3,056	$ 805	$ 1,997	$ 2,098	$ 158	$ —	$10,270					

June 30, 2023										June 30, 2023	$ 2,356	$ 3,216	$ 938	$
Charge-offs	Charge-offs	(97)	—	—	—	(51)	—	—	(148)	Charge-offs	(109)	—	—	
Recoveries	Recoveries	1	23	—	8	20	—	—	52	Recoveries	27	9	—	
Provision (Recovery) for Credit Losses - Loans	Provision (Recovery) for Credit Losses - Loans	296	137	133	135	(219)	10	—	492	Provision (Recovery) for Credit Losses - Loans	625	104	102	
June 30, 2023		$ 2,356	$ 3,216	$ 938	$ 2,140	$ 1,848	$ 168	$ —	$10,666					
September 30, 2023										September 30, 2023	$ 2,899	$ 3,329	$ 1,040	$

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		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Commercial and Industrial	Consumer	Other	Unallocated	Total		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Comm ar Indus
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*				
December 31, 2022	December 31, 2022	$ 2,074	$ 5,810	$ 502	$ 2,313	$ 1,517	$ —	$ 603	$12,819	December 31, 2022	$ 2,074	$ 5,810	$ 502	$
Impact of ASC 326 - Loans	Impact of ASC 326 - Loans	137	(3,244)	488	(1,057)	774	120	(603)	(3,385)	Impact of ASC 326 - Loans	137	(3,244)	488	(
Charge-offs	Charge-offs	(97)	—	—	—	(104)	—	—	(201)	Charge-offs	(206)	—	—	
Recoveries	Recoveries	14	23	—	766	58	—	—	861	Recoveries	41	32	—	
Provision (Recovery) for Credit Losses - Loans	Provision (Recovery) for Credit Losses - Loans	228	627	(52)	118	(397)	48	—	572	Provision (Recovery) for Credit Losses - Loans	853	731	50	
June 30, 2023		$ 2,356	$ 3,216	$ 938	$ 2,140	$ 1,848	$ 168	$ —	$10,666					
September 30, 2023										September 30, 2023	$ 2,899	$ 3,329	$ 1,040	$

The Company’s allowance for credit losses on unfunded commitments is recognized as a liability (accrued interest payable and other liabilities on the Consolidated Statement of Financial Condition), with adjustments to the reserve recognized in provision for credit losses - unfunded commitments on the Consolidated Statement of Income. The Company’s activity in the allowance for credit losses on unfunded commitments for the periods ended was as follows:

(in thousands)	**Allowance for Credit Losses**
Balance at March 31, 2023 June 30, 2023	$ 718 658
Impact of CECL adoption	—
Recovery Provision for credit losses - unfunded commitments	(60) 115
Balance at June 30, 2023 September 30, 2023	$ 658 773

(in thousands)	Allowance for Credit Losses
Balance at December 31, 2022	$ —
Impact of CECL adoption	718 719
Recovery Provision for credit losses - unfunded commitments	(60) 54
Balance at June 30, 2023 September 30, 2023	$ 658 773

Loans that do not share risk characteristics are evaluated on an individual basis. For loans that are individually evaluated and collateral dependent, financial loans where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the operation or sale of the collateral, the ACL - Loans is measured based on the difference between the fair

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value of the collateral and the amortized cost basis of the asset as of the measurement date. During the three and six nine months ended June 30, 2023 September 30, 2023, there were no loans that required a credit loss to be individually assigned.

The following tables present the activity in the allowance for credit losses summarized by primary segments and segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for potential impairment at the dates and for the periods indicated, prior to the adoption of ASU 2016-13.

		December 31, 2022									Decembe			
		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Commercial and Industrial	Consumer	Other	Unallocated	Total		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Con Inc
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*				
Individually Evaluated for Impairment	Individually Evaluated for Impairment	$ —	$ 21	$ —	$ 3	$ —	$ —	$ —	$ 24	Individually Evaluated for Impairment	$ —	$ 21	$ —	$
Collectively Evaluated for Potential Impairment	Collectively Evaluated for Potential Impairment	$ 2,074	$ 5,789	$ 502	$ 2,310	$ 1,517	$ —	$ 603	$12,795	Collectively Evaluated for Potential Impairment	$ 2,074	$ 5,789	$ 502	$

		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Commercial and Industrial	Consumer	Other	Unallocated	Total		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Comm ar Indus
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*				
March 31, 2022		$ 1,472	$ 6,326	$ 704	$ 1,130	$ 1,292	$ —	$ 671	$11,595					
June 30, 2022										June 30, 2022	$ 1,654	$ 6,023	$ 471	$
Charge-offs	Charge-offs	(15)	—	—	(2,712)	(20)	—	—	(2,747)	Charge-offs	—	—	—	
Recoveries	Recoveries	126	—	—	57	18	—	—	201	Recoveries	16	—	—	
Provision (Recovery)	Provision (Recovery)	71	(303)	(233)	3,874	212	—	163	3,784	Provision (Recovery)	148	(24)	94	
June 30, 2022		$ 1,654	$ 6,023	$ 471	$ 2,349	$ 1,502	$ —	$ 834	$12,833					
September 30, 2022										September 30, 2022	$ 1,818	$ 5,999	$ 565	$

		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Commercial and Industrial	Consumer	Other	Unallocated	Total		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Comm ar Indus
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*				
December 31, 2021	December 31, 2021	$ 1,420	$ 5,960	$ 1,249	$ 1,151	$ 1,050	$ —	$ 752	$11,582	December 31, 2021	$ 1,420	$ 5,960	$ 1,249	$
Charge-offs	Charge-offs	(32)	—	—	(2,712)	(40)	—	—	(2,784)	Charge-offs	(33)	—	—	(
Recoveries	Recoveries	128	—	—	68	55	—	—	251	Recoveries	143	—	—	
Provision (Recovery)	Provision (Recovery)	138	63	(778)	3,842	437	—	82	3,784	Provision (Recovery)	288	39	(684)	
June 30, 2022		$ 1,654	$ 6,023	$ 471	$ 2,349	$ 1,502	$ —	$ 834	$12,833					
September 30, 2022										September 30, 2022	$ 1,818	$ 5,999	$ 565	$

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		June 30, 2022									Septem			
		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Commercial and Industrial	Consumer	Other	Unallocated	Total		Real Estate Residential	Real Estate Commercial	Real Estate Construction	Con Inc
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*				
Individually Evaluated for Impairment	Individually Evaluated for Impairment	$ —	$ 86	$ —	$ 244	$ —	$ —	$ —	$ 330	Individually Evaluated for Impairment	$ —	$ 68	$ 146	$
Collectively Evaluated for Potential Impairment	Collectively Evaluated for Potential Impairment	$ 1,654	$ 5,937	$ 471	$ 2,105	$ 1,502	$ —	$ 834	$12,503	Collectively Evaluated for Potential Impairment	$ 1,818	$ 5,931	$ 419	$

The following table presents the major classifications of loans summarized by individually evaluated for impairment and collectively evaluated for potential impairment as of the dates indicated, prior to the adoption of ASU 2016-13.

	December 31, 2022						
	Real Estate Residential	Real Estate Commercial	Real Estate Construction	Commercial and Industrial	Consumer	Other	Total
(Dollars in thousands)							
Individually Evaluated for Impairment	$ 1,042	$ 13,217	$ 318	$ 512	$ —	$ —	$ 15,089
Collectively Evaluated for Potential Impairment	329,683	423,588	44,605	69,532	146,927	20,449	1,034,784
Total Loans	$ 330,725	$ 436,805	$ 44,923	$ 70,044	$ 146,927	$ 20,449	$ 1,049,873

The following table presents changes in the accretable discount on the loans acquired at fair value at the dates indicated.

	Accretable Discount
(Dollars in Thousands)	
December 31, 2022	$ 487
Accretable Yield	(122) (183)
June September 30, 2023	$ 365 304

Pre Adoption of ASC 326 – Impaired Loans

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Pre Adoption of ASC 326 – Impaired Loans

For periods prior to the adoption of CECL, loans were considered impaired when, based on current information and events, it was probable the Company would be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. The following table presents a summary of the loans considered to be impaired as of the date indicated.

	December 31, 2022				
	Recorded Investment	Related Allowance	Unpaid Principal Balance	Average Recorded Investment	Interest Income Recognized
(Dollars in thousands)					
With No Related Allowance Recorded:					
Real Estate:					
Residential	$ 1,042	$ —	$ 1,047	$ 1,085	$ 51
Commercial	11,609	—	11,766	10,928	549
Construction	318	—	318	403	19
Commercial and Industrial	505	—	777	734	35
Total With No Related Allowance Recorded	$ 13,474	$ —	$ 13,908	$ 13,150	$ 654
With A Related Allowance Recorded:					
Real Estate:					
Commercial	$ 1,608	$ 21	$ 1,608	$ 954	$ 79
Construction	—	—	—	830	36
Commercial and Industrial	7	3	7	253	1
Total With A Related Allowance Recorded	$ 1,615	$ 24	$ 1,615	$ 2,037	$ 116
Total Impaired Loans					
Real Estate:					
Residential	$ 1,042	$ —	$ 1,047	$ 1,085	$ 51
Commercial	13,217	21	13,374	11,882	628
Construction	318	—	318	1,233	55
Commercial and Industrial	512	3	784	987	36
Total Impaired Loans	$ 15,089	$ 24	$ 15,523	$ 15,187	$ 770

The recorded investment of loans evaluated for impairment decreased $15.1 million at June 30, 2023 September 30, 2023 compared to December 31, 2022 and was primarily related to commercial real estate loans.

Note 5. Fair Value Disclosure

FASB ASC 820 "Fair Value Measurement" defines fair value and provides the framework for measuring fair value and required disclosures about fair value measurements. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability at the transaction date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used in valuation methods to determine fair value.

The three levels of fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

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Level 3 – Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

This hierarchy requires the use of observable market data when available. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The following table presents the financial assets measured at fair value on a recurring basis and reported on the Consolidated Statements of Financial Condition as of the dates indicated, by level within the fair value hierarchy. The majority of the Company's securities are included in Level 2 of the fair value hierarchy. Fair values for Level 2 securities were primarily determined by a third-party pricing service using both quoted prices for similar assets, when available, and model-based valuation techniques that derive fair value based on market-corroborated data, such as instruments with similar prepayment speeds and default interest rates. The standard inputs that are normally used include benchmark yields of like securities, reportable trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. There were no transfers into or out of Level 3 during the six nine months ended June 30, 2023 September 30, 2023 or year ended December 31, 2022.

		Fair Value Hierarchy	June 30, 2023	December 31, 2022		Fair Value Hierarchy	September 30, 2023	December 31, 2022
(Dollars in thousands)	*(Dollars in thousands)*				*(Dollars in thousands)*			
Securities:	Securities:				Securities:			
Available-for-Sale Debt Securities	Available-for-Sale Debt Securities				Available-for-Sale Debt Securities			
U.S. Government Agencies	U.S. Government Agencies	Level 2	$ 45,382	$ 44,634	U.S. Government Agencies	Level 2	$ 44,101	$ 44,634
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	Level 2	13,212	13,342	Obligations of States and Political Subdivisions	Level 2	12,674	13,342
Mortgage-Backed Securities - Government-Sponsored Enterprises	Mortgage-Backed Securities - Government-Sponsored Enterprises	Level 2	38,408	41,427	Mortgage-Backed Securities - Government-Sponsored Enterprises	Level 2	35,768	41,427
Collateralized Mortgage Obligations - Government Sponsored Enterprises	Collateralized Mortgage Obligations - Government Sponsored Enterprises	Level 2	74,699	79,642	Collateralized Mortgage Obligations - Government Sponsored Enterprises	Level 2	70,589	79,642
Corporate Debt	Corporate Debt	Level 2	7,360	8,315	Corporate Debt	Level 2	7,443	8,315
Total Available-for-Sale Debt Securities	Total Available-for-Sale Debt Securities		179,061	187,360	Total Available-for-Sale Debt Securities		170,575	187,360
Equity Securities	Equity Securities				Equity Securities			
Mutual Funds	Mutual Funds	Level 1	875	875	Mutual Funds	Level 1	868	875
Other	Other	Level 1	1,491	1,823	Other	Level 1	1,461	1,823
Total Equity Securities	Total Equity Securities		2,366	2,698	Total Equity Securities		2,329	2,698
Total Securities	Total Securities		$ 181,427	$ 190,058	Total Securities		$ 172,904	$ 190,058

The following table presents the financial assets on the Consolidated Statements of Financial Condition measured at fair value on a nonrecurring basis as of the dates indicated by level within the fair value hierarchy for only those nonrecurring assets that had a fair value below the carrying amount. The table also presents the significant unobservable inputs used in the fair value measurements.

Financial Asset	Financial Asset	Fair Value Hierarchy	June 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average	Financial Asset	Fair Value Hierarchy	September 30, 2023	Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average
(Dollars in thousands)	*(Dollars in thousands)*							*(Dollars in thousands)*						
OREO	OREO	Level 3	$ 122	Appraisal of Collateral (1)	Liquidation Expenses (2)	10 % to 50 %	36.6%	OREO	Level 3	$ —	Appraisal of Collateral (1)	Liquidation Expenses (2)	100 % to 100 %	100.0%

Financial Asset	Fair Value Hierarchy	December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average
(Dollars in thousands)						

Individually Evaluated Loans	Level 3	$ 1,591	Appraisal of Collateral (1)	Appraisal Adjustments (2)	0 %	to 8 %	7.2%

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which may include various Level 3 inputs, which are not identifiable.

(2) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of appraisal adjustments and liquidation expense are presented as a percent of the appraisal.

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Expected credit losses on individually evaluated loans deemed to be collateral dependent are valued based upon the lower of amortized cost or fair value of the underlying collateral less costs to sell. Fair value is measured based on the value of the collateral securing these loans and is classified as Level 3 in the fair value hierarchy. At June 30, 2023 September 30, 2023, the Company did not have any loans that would be required to be remeasured. At December 31, 2022, the fair value of individually evaluated loans consisted of loan balances of $1.6 million less their specific valuation allowances of $24,000.

The fair value of mortgage servicing rights ("MSRs") is determined by calculating the present value of estimated future net servicing cash flows, considering expected mortgage loan prepayment rates, discount rates, servicing costs and other economic factors, which are determined based on current market conditions. The expected rate of mortgage loan prepayments is the most significant factor driving the value of MSRs. MSRs are considered impaired if the carrying value exceeds fair value. Since the valuation model includes significant unobservable inputs as listed above, MSRs are classified as Level 3. MSRs are reported in Other Assets in the Consolidated Statements of Financial Condition and are amortized into mortgage servicing income in Other Income in the Consolidated Statements of Income. At June 30, 2023 September 30, 2023 and December 31, 2022, the Company did not have any MSRs that would be required to be remeasured.

OREO properties are evaluated at the time of acquisition and recorded at fair value, less estimated selling costs. After acquisition, OREO is recorded at the lower of cost or fair value, less estimated selling costs. The fair value of an OREO property is determined from a qualified independent appraisal and is classified as Level 3 in the fair value hierarchy. As of September 30, 2023, OREO measured at fair value less costs to sell had no net carrying value, which consisted of the outstanding balance of $37,000 less write-downs of $37,000.

Financial instruments are defined as cash, evidence of an ownership in an entity, or a contract which creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If no readily available market exists, the fair value estimates for financial instruments should be based upon management's judgment regarding current economic conditions, interest rate risk, expected cash flows, future estimated losses and other factors, as determined through various option pricing formulas or simulation modeling. As many of these assumptions result from judgments made by management based upon estimates which are inherently uncertain, the resulting estimated fair values may not be indicative of the amount realizable in the sale of a particular financial instrument. In addition, changes in the assumptions on which the estimated fair values are based may have significant impact on the resulting estimated fair values.

As certain assets such as deferred tax assets and premises and equipment are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of the Company.

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The following table presents the estimated fair values of the Company's financial instruments at the dates indicated.

			June 30, 2023		**December 31, 2022**				**September 30, 2023**		**December 31, 2022**	
		Fair Value Hierarchy	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**		**Fair Value Hierarchy**	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
(Dollars in thousands)	*(Dollars in thousands)*						*(Dollars in thousands)*					
Financial Assets:	Financial Assets:						Financial Assets:					
Cash and Due From Banks:	Cash and Due From Banks:						Cash and Due From Banks:					
Interest-Earning	Interest-Earning	Level 1	$ 60,287	$ 60,287	$ 82,957	$ 82,957	Interest-Earning	Level 1	$ 45,898	$ 45,898	$ 82,957	$ 82,957
Noninterest-Earning	Noninterest-Earning	Level 1	17,806	17,806	20,743	20,743	Noninterest-Earning	Level 1	6,699	6,699	20,743	20,743
Securities	Securities	See Above	181,427	181,427	190,058	190,058	Securities	See Above	172,904	172,904	190,058	190,058
Loans, Net	Loans, Net	Level 3	1,090,488	1,051,815	1,037,054	1,011,098	Loans, Net	Level 3	1,091,666	1,038,708	1,037,054	1,011,098
Restricted Stock	Restricted Stock	Level 2	3,252	3,252	2,749	2,749	Restricted Stock	Level 2	3,266	3,266	2,749	2,749
Mortgage Servicing Rights	Mortgage Servicing Rights	Level 3	585	998	633	1,000	Mortgage Servicing Rights	Level 3	562	1,005	633	1,000
Accrued Interest Receivable	Accrued Interest Receivable	Level 2	4,544	4,544	3,983	3,983	Accrued Interest Receivable	Level 2	4,583	4,583	3,983	3,983
Financial Liabilities:	Financial Liabilities:						Financial Liabilities:					
Deposits	Deposits	Level 2	1,263,315	1,259,640	1,268,503	1,264,846	Deposits	Level 2	1,236,289	1,233,322	1,268,503	1,264,846

Short-Term Borrowings	Short-Term Borrowings	Level 2	—	—	8,060	8,060	Short-Term Borrowings	Level 2	—	—	8,060	8,060
Other Borrowed Funds	Other Borrowed Funds						Other Borrowed Funds					
FHLB Borrowings	FHLB Borrowings	Level 2	20,000	19,922	—	—	FHLB Borrowings	Level 2	20,000	19,847	—	—
Subordinated Debt	Subordinated Debt	Level 2	14,658	12,355	14,638	13,490	Subordinated Debt	Level 2	14,668	12,491	14,638	13,490
Accrued Interest Payable	Accrued Interest Payable	Level 2	1,318	1,318	355	355	Accrued Interest Payable	Level 2	1,745	1,745	355	355

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Note 6. Commitments and Contingent Liabilities

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business primarily to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby and performance letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Statements of Financial Condition. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby and performance letters of credit written is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The following table presents the unused and available credit balances of financial instruments whose contracts represent credit risk at the dates indicated.

			June 30, 2023		**December 31, 2022**			**September 30, 2023**		**December 31, 2022**
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Standby Letters of Credit	Standby Letters of Credit	$	110	$	110	Standby Letters of Credit	$	110	$	110
Performance Letters of Credit	Performance Letters of Credit		838		1,064	Performance Letters of Credit		915		1,064
Construction Mortgages	Construction Mortgages		43,464		45,722	Construction Mortgages		54,734		45,722
Personal Lines of Credit	Personal Lines of Credit		7,355		6,824	Personal Lines of Credit		7,676		6,824
Overdraft Protection Lines	Overdraft Protection Lines		4,947		5,241	Overdraft Protection Lines		4,728		5,241
Home Equity Lines of Credit	Home Equity Lines of Credit		23,459		22,784	Home Equity Lines of Credit		23,161		22,784
Commercial Lines of Credit	Commercial Lines of Credit		65,250		74,921	Commercial Lines of Credit		71,554		74,921
Total Commitments	Total Commitments	$	145,423	$	156,666	Total Commitments	$	162,878	$	156,666

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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 by the customer. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Performance letters of credit represent conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These instruments are issued primarily to support bid or performance-related contracts. The coverage period for these instruments is typically a one-year period with an annual renewal option subject to prior approval by management. Fees earned from the issuance of these letters are recognized upon expiration of the letter. For secured letters of credit, the collateral is typically Company deposit instruments or customer business assets.

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Note 7. Leases

The Company evaluates contracts at commencement to determine if a lease is present. The Company's lease contracts are all classified as operating leases and create operating right-of-use ("ROU") assets and corresponding lease liabilities on the Consolidated Statements of Financial Condition. The leases are primarily ROU assets of land and building for branch and loan production locations. ROU assets are reported in Accrued Interest Receivable and Other Assets and the related lease liabilities in Accrued Interest Payable and Other Liabilities on the Consolidated Statements of Financial Condition.

The following tables present the lease expense, ROU assets, weighted average term, discount rate and maturity analysis of lease liabilities for operating leases for the periods and dates indicated.

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Operating Lease Expense	Operating Lease Expense	$ 77	$ 89	$ 154	$ 171	Operating Lease Expense	$ 77	$ 89	$ 231	$ 261
Short-Term Lease Expense	Short-Term Lease Expense	—	1	—	1	Short-Term Lease Expense	—	—	—	—
Variable Lease Expense	Variable Lease Expense	8	7	15	14	Variable Lease Expense	7	7	22	21
Total Lease Expense	Total Lease Expense	$ 85	$ 97	$ 169	$ 186	Total Lease Expense	$ 84	$ 96	$ 253	$ 282

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
(Dollars in thousands)	*(Dollars in thousands)*			*(Dollars in thousands)*		
Operating Leases:	Operating Leases:			Operating Leases:		
ROU Assets	ROU Assets	$ 1,801	$ 1,926	ROU Assets	$ 1,737	$ 1,926
Weighted Average Lease Term in Years	Weighted Average Lease Term in Years	7.80	8.13	Weighted Average Lease Term in Years	7.65	8.13
Weighted Average Discount Rate	Weighted Average Discount Rate	2.87 %	2.87 %	Weighted Average Discount Rate	2.87 %	2.87 %

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		June September 30, 2023
(Dollars in thousands)		
Maturity Analysis:		
Due in One Year	$	360 358
Due After One Year to Two Years		331 301
Due After Two Years to Three Years		233
Due After Three Years to Four Years		236
Due After Four to Five Years		225 213
Due After Five Years		776 730
Total	$	2,161 2,071
Less: Present Value Discount		223 209
Lease Liabilities	$	1,938 1,862

There were no new lease agreements entered into during the six nine months ended June 30, 2023 September 30, 2023. During the six nine months ended June 30, 2022 September 30, 2022, the Company entered into a new lease agreement for the McMurray, PA branch, for a 10-year term ending March 31, 2032, as well as a new lease agreement for the Waynesburg branch, for a 5-year term ending July 31, 2027.

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Note 8. Other Noninterest Expense

The details of other noninterest expense for the Company's Consolidated Statements of Income for the periods indicated are as follows:

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Non-Employee Compensation	Non-Employee Compensation	$ 151	$ 139	$ 302	$ 270	Non-Employee Compensation	$ 146	$ 139	$ 448	$ 410
Printing and Supplies	Printing and Supplies	70	46	124	127	Printing and Supplies	50	63	174	190
Postage	Postage	59	33	162	137	Postage	58	163	221	300
Telephone	Telephone	124	119	268	258	Telephone	128	132	396	390
Charitable Contributions	Charitable Contributions	24	39	58	80	Charitable Contributions	32	39	90	120
Dues and Subscriptions	Dues and Subscriptions	43	39	121	97	Dues and Subscriptions	37	24	159	121
Loan Expenses	Loan Expenses	90	124	147	250	Loan Expenses	56	209	203	459
Meals and Entertainment	Meals and Entertainment	27	38	41	68	Meals and Entertainment	40	33	81	101
Travel	Travel	52	34	106	73	Travel	62	43	167	116
Training	Training	17	13	51	31	Training	13	10	64	41
Bank Assessment	Bank Assessment	46	47	98	94	Bank Assessment	47	47	145	141
Insurance	Insurance	83	69	156	131	Insurance	86	70	243	201
Miscellaneous	Miscellaneous	109	98	207	221	Miscellaneous	123	91	327	309
Total Other Noninterest Expense	Total Other Noninterest Expense	$ 895	$ 838	$ 1,841	$ 1,837	Total Other Noninterest Expense	$ 878	$ 1,063	$ 2,718	$ 2,899

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Note 9. Segment and Related Information

At June 30, 2023 September 30, 2023, the Company's business activities were comprised of two operating segments, which are community banking and insurance brokerage services. CB Financial is the parent company of the Bank and Exchange Underwriters, a wholly owned subsidiary of the Bank. Exchange Underwriters has an independent board of directors from the Company and is managed separately from the banking and related financial services that the Company offers. Exchange Underwriters is an independent insurance agency that offers property, casualty, commercial liability, surety and other insurance products.

The following is a table of selected financial data for the Company's subsidiaries and consolidated results at the dates and for the periods indicated.

		Community Bank	Exchange Underwriters, Inc.	CB Financial Services, Inc.	Net Eliminations	Consolidated		Community Bank	Exchange Underwriters, Inc.	CB Financial Services, Inc.	Net Eliminations	Consolidated
(Dollars in thousands)	*(Dollars in thousands)*						*(Dollars in thousands)*					
June 30, 2023												
September 30, 2023							**September 30, 2023**					
Assets	Assets	$ 1,432,181	$ 5,576	$ 131,258	$ (136,282)	$ 1,432,733	Assets	$ 1,399,834	$ 5,395	$ 129,649	$ (135,386)	$ 1,399,492
Liabilities	Liabilities	1,317,617	2,337	14,669	(18,479)	1,316,144	Liabilities	1,287,073	1,942	14,803	(19,172)	1,284,646
Stockholders' Equity	Stockholders' Equity	114,564	3,239	116,589	(117,803)	116,589	Stockholders' Equity	112,761	3,453	114,846	(116,214)	114,846
December 31, 2022	**December 31, 2022**						**December 31, 2022**					
Assets	Assets	$ 1,409,510	$ 5,585	$ 124,879	$ (131,036)	$ 1,408,938	Assets	$ 1,409,510	$ 5,585	$ 124,879	$ (131,036)	$ 1,408,938
Liabilities	Liabilities	1,301,783	1,996	14,724	(19,720)	1,298,783	Liabilities	1,301,783	1,996	14,724	(19,720)	1,298,783
Stockholders' Equity	Stockholders' Equity	107,727	3,589	110,155	(111,316)	110,155	Stockholders' Equity	107,727	3,589	110,155	(111,316)	110,155
Three Months Ended June 30, 2023												
Three Months Ended September 30, 2023							**Three Months Ended September 30, 2023**					
Interest and Dividend Income	Interest and Dividend Income	$ 15,182	$ 2	$ 1,297	$ (1,278)	$ 15,203	Interest and Dividend Income	$ 15,853	$ 1	$ 1,298	$ (1,278)	$ 15,874
Interest Expense	Interest Expense	3,926	—	157	—	4,083	Interest Expense	5,002	—	155	—	5,157
Net Interest and Dividend Income	Net Interest and Dividend Income	11,256	2	1,140	(1,278)	11,120	Net Interest and Dividend Income	10,851	1	1,143	(1,278)	10,717
Provision for Credit Losses - Loans	Provision for Credit Losses - Loans	492	—	—	—	492	Provision for Credit Losses - Loans	291	—	—	—	291
Recovery for Credit Losses - Unfunded Commitments		(60)	—	—	—	(60)						
Provision for Credit Losses - Unfunded Commitments							Provision for Credit Losses - Unfunded Commitments	115	—	—	—	115

Net Interest and Dividend Income After Provision for Credit Losses	Net Interest and Dividend Income After Provision for Credit Losses	10,824	2	1,140	(1,278)	10,688	Net Interest and Dividend Income After Provision for Credit Losses	10,445	1	1,143	(1,278)	10,311
Noninterest Income (Loss)	Noninterest Income (Loss)	810	1,545	(86)	—	2,269	Noninterest Income (Loss)	1,006	1,436	(30)	—	2,412
Noninterest Expense	Noninterest Expense	8,457	1,044	—	—	9,501	Noninterest Expense	8,344	1,137	6	—	9,487
Undistributed Net Income of Subsidiary	Undistributed Net Income of Subsidiary	357	—	1,656	(2,013)	—	Undistributed Net Income of Subsidiary	214	—	1,529	(1,743)	—
Income Before Income Tax Expense (Benefit)	Income Before Income Tax Expense (Benefit)	3,534	503	2,710	(3,291)	3,456	Income Before Income Tax Expense (Benefit)	3,321	300	2,636	(3,021)	3,236
Income Tax Expense (Benefit)	Income Tax Expense (Benefit)	600	146	(47)	—	699	Income Tax Expense (Benefit)	514	86	(36)	—	564
Net Income	Net Income	$ 2,934	$ 357	$ 2,757	$ (3,291)	$ 2,757	Net Income	$ 2,807	$ 214	$ 2,672	$ (3,021)	$ 2,672
Six Months Ended June 30, 2023												
Nine Months Ended September 30, 2023							**Nine Months Ended September 30, 2023**					
Interest and Dividend Income	Interest and Dividend Income	$ 29,405	$ 3	$ 2,593	$ (2,553)	$ 29,448	Interest and Dividend Income	$ 45,257	$ 5	$ 3,889	$ (3,830)	$ 45,321
Interest Expense	Interest Expense	6,433	—	311	—	6,744	Interest Expense	11,436	—	466	—	11,902
Net Interest and Dividend Income	Net Interest and Dividend Income	22,972	3	2,282	(2,553)	22,704	Net Interest and Dividend Income	33,821	5	3,423	(3,830)	33,419
Provision for Credit Losses - Loans	Provision for Credit Losses - Loans	572	—	—	—	572	Provision for Credit Losses - Loans	863	—	—	—	863
Recovery for Credit Losses - Unfunded Commitments		(60)	—	—	—	(60)						
Provision for Credit Losses - Unfunded Commitments							Provision for Credit Losses - Unfunded Commitments	54	—	—	—	54
Net Interest and Dividend Income After Provision for Credit Losses	Net Interest and Dividend Income After Provision for Credit Losses	22,460	3	2,282	(2,553)	22,192	Net Interest and Dividend Income After Provision for Credit Losses	32,904	5	3,423	(3,830)	32,502
Noninterest Income (Loss)	Noninterest Income (Loss)	1,911	3,501	(332)	—	5,080	Noninterest Income (Loss)	2,918	4,937	(362)	—	7,493

Noninterest Expense	Noninterest Expense	16,382	2,143	5	—	18,530	Noninterest Expense	24,725	3,281	11	—	28,017
Undistributed Net Income of Subsidiary	Undistributed Net Income of Subsidiary	965	—	4,842	(5,807)	—	Undistributed Net Income of Subsidiary	1,179	—	6,372	(7,551)	—
Income Before Income Tax Expense (Benefit)	Income Before Income Tax Expense (Benefit)	8,954	1,361	6,787	(8,360)	8,742	Income Before Income Tax Expense (Benefit)	12,276	1,661	9,422	(11,381)	11,978
Income Tax Expense (Benefit)	Income Tax Expense (Benefit)	1,559	396	(128)	—	1,827	Income Tax Expense (Benefit)	2,074	482	(164)	—	2,392
Net Income	Net Income	$ 7,395	$ 965	$ 6,915	$ (8,360)	$ 6,915	Net Income	$ 10,202	$ 1,179	$ 9,586	$ (11,381)	$ 9,586

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		Community Bank	Exchange Underwriters, Inc.	CB Financial Services, Inc.	Net Eliminations	Consolidated		Community Bank	Exchange Underwriters, Inc.	CB Financial Services, Inc.	Net Eliminations	Consolidated
(Dollars in thousands)	*(Dollars in thousands)*						*(Dollars in thousands)*					
Three Months Ended June 30, 2022												
Three Months Ended September 30, 2022							**Three Months Ended September 30, 2022**					
Interest and Dividend Income	Interest and Dividend Income	$ 10,940	$ 2	$ 1,255	$ (1,239)	$ 10,958	Interest and Dividend Income	$ 12,267	$ 1	$ 1,246	$ (1,227)	$ 12,287
Interest Expense	Interest Expense	640	—	155	—	795	Interest Expense	1,117	—	155	—	1,272
Net Interest and Dividend Income	Net Interest and Dividend Income	10,300	2	1,100	(1,239)	10,163	Net Interest and Dividend Income	11,150	1	1,091	(1,227)	11,015
Provision for Credit Losses	Provision for Credit Losses	3,784	—	—	—	3,784	Provision for Credit Losses	—	—	—	—	—
Net Interest and Dividend Income After Provision for Credit Losses	Net Interest and Dividend Income After Provision for Credit Losses	6,516	2	1,100	(1,239)	6,379	Net Interest and Dividend Income After Provision for Credit Losses	11,150	1	1,091	(1,227)	11,015
Noninterest Income (Loss)	Noninterest Income (Loss)	903	1,369	(167)	—	2,105	Noninterest Income (Loss)	1,343	1,406	(10)	—	2,739
Noninterest Expense	Noninterest Expense	7,420	985	5	—	8,410	Noninterest Expense	7,741	1,082	4	—	8,827
Undistributed Net Income (Loss) of Subsidiary		273	—	(897)	624	—						

Undistributed Net Income of Subsidiary							Undistributed Net Income of Subsidiary	230	—	2,807	(3,037)	—
Income Before Income Tax (Benefit) Expense	Income Before Income Tax (Benefit) Expense	272	386	31	(615)	74	Income Before Income Tax (Benefit) Expense	4,982	325	3,884	(4,264)	4,927
Income Tax (Benefit) Expense	Income Tax (Benefit) Expense	(70)	113	(87)	—	(44)	Income Tax (Benefit) Expense	948	95	(45)	—	998
Net Income	Net Income	$ 342	$ 273	$ 118	$ (615)	$ 118	Net Income	$ 4,034	$ 230	$ 3,929	$ (4,264)	$ 3,929
Six Months Ended June 30, 2022												
Nine Months Ended September 30, 2022							**Nine Months Ended September 30, 2022**					
Interest and Dividend Income	Interest and Dividend Income	$ 21,535	$ 3	$ 2,534	$ (2,498)	$ 21,574	Interest and Dividend Income	$ 33,802	$ 4	$ 3,779	$ (3,724)	$ 33,861
Interest Expense	Interest Expense	1,208	—	310	—	1,518	Interest Expense	2,325	—	467	—	2,792
Net Interest and Dividend Income	Net Interest and Dividend Income	20,327	3	2,224	(2,498)	20,056	Net Interest and Dividend Income	31,477	4	3,312	(3,724)	31,069
Provision for Loan Losses		3,784	—	—	—	3,784						
Net Interest and Dividend Income After Provision for Loan Losses		16,543	3	2,224	(2,498)	16,272						
Noninterest Income		1,680	3,166	(128)	—	4,718						
Provision for Credit Losses							Provision for Credit Losses	3,784	—	—	—	3,784
Net Interest and Dividend Income After Provision for Credit Losses							Net Interest and Dividend Income After Provision for Credit Losses	27,693	4	3,312	(3,724)	27,285
Noninterest Income (Loss)							Noninterest Income (Loss)	3,023	4,572	(136)	—	7,459
Noninterest Expense	Noninterest Expense	15,065	1,992	9	—	17,066	Noninterest Expense	22,806	3,074	13	—	25,893
Undistributed Net Income of Subsidiary	Undistributed Net Income of Subsidiary	834	—	955	(1,789)	—	Undistributed Net Income of Subsidiary	1,064	—	3,762	(4,826)	—
Income Before Income Tax Expense (Benefit)	Income Before Income Tax Expense (Benefit)	3,992	1,177	3,042	(4,287)	3,924	Income Before Income Tax Expense (Benefit)	8,974	1,502	6,925	(8,550)	8,851
Income Tax Expense (Benefit)	Income Tax Expense (Benefit)	540	343	(124)	—	759	Income Tax Expense (Benefit)	1,488	438	(169)	—	1,757
Net Income	Net Income	$ 3,452	$ 834	$ 3,166	$ (4,287)	$ 3,165	Net Income	$ 7,486	$ 1,064	$ 7,094	$ (8,550)	$ 7,094

Note 10. Stock Based Compensation

The following table presents stock option information for the period indicated.

		Number of Shares	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life in Years		Number of Shares	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life in Years
Outstanding Options at December 31, 2022	Outstanding Options at December 31, 2022	283,748	$	24.52	5.6	Outstanding Options at December 31, 2022	283,748	$	24.52	5.6
Granted	Granted	68,975		21.63		Granted	68,975		21.63	
Exercised	Exercised	(2,000)		22.25		Exercised	(2,000)		22.25	
Forfeited	Forfeited	(2,600)		25.25		Forfeited	(2,600)		25.25	
Outstanding Options at June 30, 2023		348,123	$	23.95	6.0					
Outstanding Options at September 30, 2023						Outstanding Options at September 30, 2023	348,123	$	23.95	5.8
Exercisable Options at June 30, 2023		189,549	$	24.54	3.5					
Exercisable Options at September 30, 2023						Exercisable Options at September 30, 2023	192,549	$	24.45	3.3

		Number of Shares	Weighted Average Exercise Price		Weighted Average Remaining Service Period in Years		Number of Shares	Weighted Average Exercise Price		Weighted Average Remaining Service Period in Years
Nonvested Options at June 30, 2023		158,574	$	23.25	9.1					
Nonvested Options at September 30, 2023						Nonvested Options at September 30, 2023	155,574	$	23.34	8.8

<u>Summary of Significant Assumptions for Newly Issued Stock Options</u>	<u>Summary of Significant Assumptions for Newly Issued Stock Options</u>				<u>Summary of Significant Assumptions for Newly Issued Stock Options</u>			
Expected Term in Years	Expected Term in Years		6.5		Expected Term in Years		6.5	
Expected Volatility	Expected Volatility		29.5	%	Expected Volatility		29.5	%
Expected Dividends	Expected Dividends	$	1.00		Expected Dividends	$	1.00	
Risk Free Rate of Return	Risk Free Rate of Return		3.63	%	Risk Free Rate of Return		3.63	%
Weighted Average Grant Date Fair Value (per share)	Weighted Average Grant Date Fair Value (per share)	$	4.37		Weighted Average Grant Date Fair Value (per share)	$	4.37	

The following table presents restricted stock award information for the period indicated

		Number of Shares		Weighted Average Grant Date Fair Value Price	Weighted Average Remaining Service Period in Years		Number of Shares		Weighted Average Grant Date Fair Value Price	Weighted Average Remaining Service Period in Years
Nonvested Restricted Stock at December 31, 2022	Nonvested Restricted Stock at December 31, 2022	64,125	$	24.32	4.3	Nonvested Restricted Stock at December 31, 2022	64,125	$	24.32	4.3
Granted	Granted	24,975		21.66		Granted	33,975		21.76	
Vested	Vested	(4,408)		26.00		Vested	(5,408)		24.63	
Forfeited	Forfeited	(860)		24.36		Forfeited	(860)		24.36	
Nonvested Restricted Stock at June 30, 2023		83,832	$	23.44	4.1					
Nonvested Restricted Stock at September 30, 2023						Nonvested Restricted Stock at September 30, 2023	91,832	$	23.36	3.9

The Company recognizes expense over a five-year vesting period for the restricted stock awards and stock options. Stock-based compensation expense related to restricted stock awards and stock options was $187,000 $196,000 and $149,000 $145,000 for the three months ended June 30, 2023 September 30, 2023 and 2022. Stock based compensation was $361,000 $557,000 and $279,000 $424,000 for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

As of June 30, 2023 September 30, 2023 and December 31, 2022, total unrecognized compensation expense was $650,000 $609,000 and $430,000, respectively, related to stock options, and $1.7 million and $1.4 million, respectively, related to restricted stock awards.

Intrinsic value represents the amount by which the fair value of the underlying stock at June 30, 2023 September 30, 2023 and December 31, 2022 exceeds the exercise price of the stock options. The intrinsic value of stock options was $35,000 $47,000 and $25,000 at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

At June 30, 2023 September 30, 2023 and December 31, 2022, respectively, there were 203,775 181,275 and 333,335 shares available under the Plan to be issued in connection with the exercise of stock options, and 81,510 72,510 and 133,334 shares that may be issued as restricted stock awards or units. Restricted stock awards or units may be issued above this amount provided that the number of shares reserved for stock options is reduced by two and one-half shares for each restricted stock award or unit share granted.

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Note 11. Subsequent Events

The Company evaluated subsequent events through the date the consolidated financial statements were filed with the SEC and incorporated into the consolidated financial statements the effect of all material known events determined by Accounting Standards Codification ("ASC") 855, *Subsequent Events*, to be recognizable events. The following item was deemed to be a subsequent event by the Company.

On October 12, 2023, the Bank received email notification from one of its third-party vendors (the "Vendor") that the Vendor used MOVEit Transfer ("MOVEit"), a managed file transfer software developed and maintained by Progress Software Corporation ("PSC"), to transfer information in connection with processing of Bank customer accounts and item processing of Bank customer accounts, including check images, deposit slips, remote deposit capture files, and reports. The Vendor informed the Bank that its review indicates that the affected files included the following data elements for some or all of the affected Bank customers and accounts: name, business name, address, state, telephone number, date of birth, full social security number, tax ID number, account number, and routing number. The Bank estimates that approximately 33% of its customers and approximately 26% of customer accounts are affected by the Vendor incident. The Bank has notified the affected customers in writing about the Vendor incident.

PSC recently disclosed a zero-day vulnerability, a previously unknown flaw, in MOVEit that could enable malicious actors to gain unauthorized access to sensitive files and information. MOVEit is the subject of a widely reported cybersecurity event impacting numerous private organizations and governmental agencies. The Vendor, and not the Bank itself, uses MOVEit, and the Vendor has informed the Bank that it has rectified the vulnerability that allowed the incident to occur.

The Bank, along with numerous other financial institutions, uses the Vendor for certain regulatory compliance and operational support services, including account hosting and transaction processing. The Vendor has notified law enforcement and its regulators about the Vendor incident. The Bank has notified its primary banking regulators about the Vendor incident, and will continue to keep them informed.

The Company has incurred certain expenses relating to the Vendor incident, and may incur additional expenses. While the Company continues to evaluate the full scope and impact of the Vendor incident, the Company does not currently believe the Vendor incident will have a material adverse effect on the Bank's business and operations or the Company's consolidated financial statements.

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

This discussion should be read in conjunction with the unaudited consolidated financial statements, notes and tables included in this report. For further information, refer to the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Forward-Looking Statements

This report contains certain “forward-looking statements” within the meaning of the federal securities laws. These statements are not historical facts, but rather statements based on the Company’s current expectations regarding its business strategies, intended results and future performance. Forward-looking statements are preceded by terms such as “expects,” “believes,” “anticipates,” “intends” and similar expressions. Management’s ability to predict results or the effect of future plans or strategies is inherently uncertain. Factors which could affect actual results include, but are not limited to, the following:

- General and local economic conditions;
- Our ability to realize the expected cost savings and other efficiencies related to our branch optimization and operational efficiency initiatives;
- Changes in market interest rates, deposit flows, demand for loans, real estate values and competition;
- Competitive products and pricing;
- The ability of our customers to make scheduled loan payments;
- Loan delinquency rates and trends;
- Our ability to manage the risks involved in our business;
- Our ability to integrate the operations of businesses we acquire;
- Our ability to control costs and expenses;
- Inflation, market and monetary fluctuations;
- Changes in federal and state legislation and regulation applicable to our business;
- Actions by our competitors; and
- Other factors disclosed in the Company’s periodic reports as filed with the Securities and Exchange Commission.

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These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The Company assumes no obligation to update any forward-looking statements except as may be required by applicable law or regulation.

General

CB Financial Services is a bank holding company established in 2006 and headquartered in Carmichaels, Pennsylvania. CB Financial’s business activity is conducted primarily through its wholly owned bank subsidiary, Community Bank.

The Bank is a Pennsylvania-chartered commercial bank headquartered in Carmichaels, Pennsylvania. The Bank operates from 10 branches in Greene, Allegheny, Washington, Fayette and Westmoreland Counties in southwestern Pennsylvania and three offices in Marshall and Ohio Counties in West Virginia. The Bank also has a loan production office in Allegheny County, a corporate center in Washington County and an operations center in Greene County, all of which are in Pennsylvania. The Bank is a community-oriented institution offering residential and commercial real estate loans, commercial and industrial loans, and consumer loans as well as a variety of deposit products for individuals and businesses in its market area. Property and casualty, commercial liability, surety and other insurance products are offered through Exchange Underwriters, Inc., the Bank’s wholly owned subsidiary that is a full-service, independent insurance agency located in Washington County.

Overview

The following discussion and analysis is presented to assist in the understanding and evaluation of our consolidated financial condition and results of operations. It is intended to complement the unaudited consolidated financial statements and notes thereto appearing elsewhere in this Form 10-Q and should be read in conjunction therewith. The detailed discussion focuses on our consolidated financial condition as of June 30, 2023 September 30, 2023, compared to the consolidated financial condition as of December 31, 2022 and the consolidated results of operations for the three and six nine months ended June 30, 2023 September 30, 2023 compared to the three and six nine months ended June 30, 2022 September 30, 2022.

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Our results of operations depend primarily on our net interest income. Net interest income is the difference between the interest income we earn on our interest-earning assets and the interest we pay on our interest-bearing liabilities. Our results of operations also are affected by our provisions provision for loan credit losses, noninterest income and noninterest expense. Noninterest income consists primarily of fees and service charges on deposit accounts, insurance commissions, income from bank-owned life insurance and other income. Noninterest expense consists primarily of expenses related to salaries and employee benefits, occupancy and equipment, data processing, contracted services, legal and professional fees, advertising, deposit and general insurance and other expenses.

Financial institutions like us, in general, are significantly affected by economic conditions, competition, and the monetary and fiscal policies of the federal government. Lending activities are influenced by the demand for and supply of housing, competition among lenders, interest rate conditions, and funds availability. Our operations and lending are principally concentrated in southwestern Pennsylvania and Ohio Valley market areas.

Explanation of Use of Non-GAAP Financial Measures

In addition to financial measures presented in accordance with U.S. GAAP, we present certain non-GAAP financial measures. We believe these non-GAAP financial measures provide useful information in understanding our underlying results of operations or financial position and our business and performance trends as they facilitate comparisons with the performance of other companies in the financial services industry. Non-GAAP adjusted items impacting the Company's financial performance are identified to assist investors in providing a complete understanding of factors and trends affecting the Company’s business and in analyzing the Company’s operating results on the same basis as that applied by management. Although we believe that these non-GAAP financial measures enhance the understanding of our business and performance, they should not be considered an alternative to GAAP or considered to be more important than financial results determined in accordance with GAAP, nor are they necessarily comparable with similar non-GAAP measures which may be presented by other companies. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found herein.

The interest income on interest-earning assets, net interest rate spread and net interest margin are presented on a fully tax-equivalent ("FTE") basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and securities using the federal statutory income tax rate of 21.0%. We believe the presentation of net interest income on a FTE basis ensures comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry practice.

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The following table reconciles net interest income, net interest spread and net interest margin on a FTE basis for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(Dollars in thousands)				
Interest Income (GAAP)	$ 15,203	$ 10,958	$ 29,448	$ 21,574
Adjustment to FTE Basis	35	34	65	71
Interest Income (FTE) (Non-GAAP)	15,238	10,992	29,513	21,645
Interest Expense (GAAP)	4,083	795	6,744	1,518
Net Interest Income (FTE) (Non-GAAP)	$ 11,155	$ 10,197	$ 22,769	$ 20,127
Net Interest Rate Spread (GAAP)	2.78 %	3.00 %	2.95 %	3.00 %
Adjustment to FTE Basis	0.01	0.01	0.01	0.01
Net Interest Rate Spread (FTE) (Non-GAAP)	2.79	3.01	2.96	3.01
Net Interest Margin (GAAP)	3.29 %	3.12 %	3.40 %	3.10 %
Adjustment to FTE Basis	0.01	0.01	0.01	0.01
Net Interest Margin (FTE) (Non-GAAP)	3.30	3.13	3.41	3.11

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in thousands)				
Interest Income (GAAP)	$ 15,874	$ 12,287	$ 45,321	$ 33,861
Adjustment to FTE Basis	43	31	111	105
Interest Income (FTE) (Non-GAAP)	15,917	12,318	45,432	33,966
Interest Expense (GAAP)	5,157	1,272	11,902	2,792
Net Interest Income (FTE) (Non-GAAP)	$ 10,760	$ 11,046	$ 33,530	$ 31,174
Net Interest Rate Spread (GAAP)	2.54 %	3.10 %	2.80 %	3.03 %
Adjustment to FTE Basis	0.01	0.01	0.01	0.01
Net Interest Rate Spread (FTE) (Non-GAAP)	2.55	3.11	2.81	3.04
Net Interest Margin (GAAP)	3.13 %	3.29 %	3.31 %	3.17 %
Adjustment to FTE Basis	0.01	0.01	0.01	0.01
Net Interest Margin (FTE) (Non-GAAP)	3.14	3.30	3.32	3.18

Tangible book value per common share is a non-GAAP measure calculated based on tangible common equity divided by period-end common shares outstanding. We believe this non-GAAP measure serves as a useful tool to help evaluate the strength and discipline of the Company's capital management strategies and as an additional, conservative measure of the Company's total value.

June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022

(Dollars in thousands, except share and per share data)	*(Dollars in thousands, except share and per share data)*					*(Dollars in thousands, except share and per share data)*				
Stockholders' Equity (GAAP)	Stockholders' Equity (GAAP)	$	116,589	$	110,155	Stockholders' Equity (GAAP)	$	114,846	$	110,155
Goodwill and Other Intangible Assets, Net	Goodwill and Other Intangible Assets, Net		(12,354)		(13,245)	Goodwill and Other Intangible Assets, Net		(11,909)		(13,245)
Tangible Common Equity or Tangible Book Value (Non-GAAP) (Numerator)	Tangible Common Equity or Tangible Book Value (Non-GAAP) (Numerator)	$	104,235	$	96,910	Tangible Common Equity or Tangible Book Value (Non-GAAP) (Numerator)	$	102,937	$	96,910
Common Shares Outstanding (Denominator)	Common Shares Outstanding (Denominator)		5,111,678		5,100,189	Common Shares Outstanding (Denominator)		5,120,678		5,100,189
Book Value per Common Share (GAAP)	Book Value per Common Share (GAAP)	$	22.81	$	21.60	Book Value per Common Share (GAAP)	$	22.43	$	21.60
Tangible Book Value per Common Share (Non-GAAP)	Tangible Book Value per Common Share (Non-GAAP)	$	20.39	$	19.00	Tangible Book Value per Common Share (Non-GAAP)	$	20.10	$	19.00

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Consolidated Statements of Financial Condition Analysis

Assets

Total assets increased $23.8 million decreased $9.4 million, or 1.7% 0.7%, to $1.43 billion $1.40 billion at June 30, 2023 September 30, 2023 compared to $1.41 billion at December 31, 2022.

Cash and Securities

- Cash and due from banks decreased $25.6 million $51.1 million, or 24.7% 49.3%, to $78.1 million $52.6 million at June 30, 2023 September 30, 2023, compared to $103.7 million at December 31, 2022, due to loan growth.
- Securities decreased $8.6 million $17.2 million, or 4.5% 9.0%, to $181.4 million $172.9 million at June 30, 2023 September 30, 2023, compared to $190.1 million at December 31, 2022. The securities balance was primarily impacted by $8.1 million $12.4 million of repayments on mortgage-backed and collateralized mortgage obligation securities and a $332,000 $369,000 decrease in the market value in of the equity securities portfolio, which is primarily comprised of bank stocks.

Loans, Allowance for Credit Losses (ACL) and Credit Quality

- Total loans increased $51.3 million $52.6 million, or 4.9% 5.0%, to $1.10 billion at June 30, 2023 September 30, 2023 compared to $1.05 billion at December 31, 2022. Loan growth was driven by increases in commercial and industrial loans, commercial real estate loans and residential mortgages mortgage loans of $32.2 $30.8 million, $21.8 $30.1 million, and $7.8 $15.8 million, respectively, partially offset by a decrease in consumer loans of $12.1 $24.4 million. Growth in commercial and industrial loans included the purchase of $8.9 million of syndicated loans. The decrease in consumer loans resulted from a reduction in indirect automobile loan production due to rising market interest rates and the discontinuation of this product offering as of June 30, 2023.
- The ACL - Loans was $10.7 million $10.8 million at June 30, 2023 September 30, 2023 and $12.8 million at December 31, 2022. As a result, the ACL - Loans to total loans was 0.97% 0.98% at June 30, 2023 September 30, 2023 compared to 1.22% at December 31, 2022. The change in the ACL -Loans was primarily due to the Company's adoption of CECL. At adoption, the Company decreased its ACL - Loans by $3.4 million. Contributing to the change in ACL - Loans was a prior year charge-off of $2.7 million and qualitative factors that significantly impacted the incurred loss model driven by historical activity compared to the newly adopted CECL methodology that is centered around using a forecast approach.
- Net charge-offs for the three months ended June 30, 2023 September 30, 2023 were $96,000, $109,000, or 0.04% of average loans on an annualized basis. Net charge-offs recoveries for the three months ended June 30, 2022 September 30, 2022 were $2.5 million, $21,000, or 1.01% 0.01% of average loans on an annualized basis primarily due to the aforementioned $2.7 million charge-off of a commercial and industrial loan. basis. Net recoveries for the six nine months ended June 30, 2023 September 30, 2023 were $660,000 $551,000 primarily due to recoveries totaling $750,000 related to the aforementioned prior year charged-off loan. Net charge-offs for the six nine months ended June 30, 2022 September 30, 2022 were $2.5 million.
- Nonperforming loans, which includes include nonaccrual loans and accruing loans past due 90 days or more, were $4.1 million $3.3 million at June 30, 2023 September 30, 2023 compared to $5.8 million at December 31, 2022. The decrease of $1.7 $2.5 million was due to ten loans totaling $1.7 million being moved transferred from nonaccrual to accrual status during the current period and the repayment of a $1.6 million commercial real estate loan that was previously on nonaccrual status. Partially offsetting these

favorable movements, a $757,000 commercial real estate loan moved to nonaccrual status during the period. Nonperforming loans to total loans ratio was 0.37% 0.30% at June 30, 2023 September 30, 2023 compared to 0.55% at December 31, 2022.

Other

- Intangible assets decreased $891,000, $1.3 million, or 25.6% 37.0%, to $2.6 $2.2 million at June 30, 2023 September 30, 2023 compared to $3.5 million at December 31, 2022 primarily due to amortization expense recognized during the period.
- Accrued interest and other assets increased $5.6 million, $5.5 million or 26.8% 26.0%, to $26.7 million at June 30, 2023 September 30, 2023, compared to $21.1 million at December 31, 2022 due to the sale of a $2.0 million syndicated loan which was sold but not yet settled at the end of the period, September 30, 2023, and increases in accounts prepaid expenses and accrued interest receivable for Exchange Underwriters, income taxes receivable of $1.2 million and BOLI death benefit claims receivable $853,000, $761,000 and $664,000. $600,000.

Liabilities

Total liabilities increased $17.4 million decreased $14.1 million, or 1.3% 1.1%, to $1.32 billion $1.28 billion at June 30, 2023 September 30, 2023 compared to $1.30 billion at December 31, 2022.

Deposits

- Total deposits decreased $5.2 million $32.2 million to $1.26 billion $1.24 billion as of June 30, 2023 September 30, 2023 compared to $1.27 billion at December 31, 2022. Interest-bearing Noninterest-bearing demand deposits decreased $85.3 million, savings deposits decreased $40.9 million and money market deposits decreased $19.9 million, while interest-bearing demand deposits increased $62.8 million $45.6 million and time deposits increased $60.4 million, while non interest-bearing demand deposits decreased $74.3 million, money market deposits decreased $23.3 million and savings deposits decreased $30.8 million. $68.3 million,. The increase in interest-bearing demand deposits is was primarily the result of higher interest rates attracting more customers and/or additional deposits from existing customers while higher

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time deposits resulted from the offering of a higher-rate certificate of deposit product. FDIC insured deposits totaled approximately 61.1% 60.5% of total deposits while an additional 16.5% 16.9% of deposits were collateralized with investment securities at June 30, 2023 September 30, 2023.

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Borrowings

- Long-term borrowings increased $20.0 million, or 136.6%, to $34.7 million at June 30, 2023 September 30, 2023, compared to $14.6 million at December 31, 2022. During the second quarter, the Bank entered into $20.0 million of FHLB advances for a term of 24 months at 4.92%, per annum, the proceeds of which were utilized to match fund originations within the Bank's commercial and industrial loan portfolio.
- Short-term borrowings decreased $8.1 million, or 100.0%, as there were no short-term borrowings at June 30, 2023 September 30, 2023, compared to $8.1 million at December 31, 2022. At December 31, 2022, short-term borrowings were comprised entirely of securities sold under agreements to repurchase. These accounts were transitioned into other deposit products and account for a portion of the interest-bearing demand deposit increase.

Accrued Interest Payable and Other Liabilities

- Accrued interest payable and other liabilities increased $10.6 million $6.1 million, or 139.8% 80.5%, to $18.2 million $13.7 million at June 30, 2023 September 30, 2023, compared to $7.6 million at December 31, 2022 primarily due to the purchase of $8.9 million $3.9 million of syndicated loans which were unfunded at the end of the period. period and a $1.1 million increase in accrued interest payable on certificate accounts.

Stockholders' Equity

Stockholders' equity increased $6.4 million $4.7 million, or 5.8% 4.3%, to $116.6 million $114.8 million at June 30, 2023 September 30, 2023, compared to $110.2 million at December 31, 2022.

- Net income was $6.9 million $9.6 million for the six nine months ended June 30, 2023 September 30, 2023.
- The Company declared and paid $2.6 million $3.8 million in dividends to common stockholders in the current period.
- The Company's January 1, 2023 adoption of CECL resulted in a $2.1 million positive adjustment to stockholders' equity, net of tax.
- On April 21, 2022, a $10.0 million repurchase program was authorized, with the Company repurchasing 74,656 shares at an average price of $22.38 per share since the inception of the plan. program. In total, the Company repurchased $274,000 of common stock since December 31, 2022. The plan program expired May 1, 2023.
- Book value per share (GAAP) was $22.81 $22.43 at June 30, 2023 September 30, 2023 compared to $21.60 at December 31, 2022, an increase of $1.21. $0.83. Tangible book value per share (Non-GAAP) increased $1.39, $1.10, or 7.3% 5.8%, to $20.39 $20.10 compared to $19.00 at December 31, 2022. Refer to Explanation of Use of Non-GAAP Financial Measures in this Report.

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Consolidated Results of Operations for the Three Months Ended June 30, 2023 September 30, 2023 and 2022

Overview. Net income was $2.8 million $2.7 million for the three months ended June 30, 2023 September 30, 2023, an increase a decrease of $2.6 million $1.3 million compared to net income of $118,000 $3.9 million for the three months ended June 30, 2022 September 30, 2022.

Net Interest and Dividend Income. Net interest and dividend income increased $1.0 million, decreased $298,000, or 9.4% 2.7%, to $11.1 million $10.7 million for the three months ended June 30, 2023 September 30, 2023 compared to $10.2 million $11.0 million for the three months ended June 30, 2022 September 30, 2022. Net interest margin (GAAP) increased decreased to 3.13% for the three months ended September 30, 2023 compared to 3.29% for the three months ended June 30, 2023 compared to 3.12% for the three months ended June 30, 2022 September 30, 2022. Fully Tax Equivalent (FTE) net interest margin (Non-GAAP) increased 17 decreased 16 basis points (bps) to 3.14% for the three months ended September 30, 2023 compared to 3.30% for the three months ended June 30, 2023 compared to 3.13% for the three months ended June 30, 2022 September 30, 2022.

<u>Interest and Dividend Income</u>

- Interest and dividend income increased $4.2 million $3.6 million, or 38.7% 29.2%, to $15.2 million $15.9 million for the three months ended June 30, 2023 September 30, 2023 compared to $11.0 million $12.3 million the three months ended June 30, 2022 September 30, 2022.
  - Interest income on loans increased $3.7 million $3.2 million, or 37.9% 29.9%, to $13.4 million $14.0 million for the three months ended June 30, 2023 September 30, 2023 compared to $9.7 million $10.8 million for the three months ended June 30, 2022 September 30, 2022. The average balance of loans increased $71.5 million $64.3 million to $1.08 billion $1.09 billion from $1.01 billion $1.02 billion, generating $724,000 $729,000 of additional interest income on loans, and the average yield increased 112 93 bps to 5.00% 5.13% compared to 3.88% causing 4.20% resulting in a $3.0 million $2.5 million increase in interest income on loans.
  - Interest income on interest-earning deposits at other banks increased $599,000, $372,000, to $721,000 $750,000 for the three months ended June 30, 2023 September 30, 2023 compared to $122,000 $378,000 for the three months ended June 30, 2022 September 30, 2022 as the average yield increased 443 347 bps, partially offset by a decrease of $1.9 $15.2 million in average balances. The increase in the average yield was the result of the Federal Reserve Board's interest rate increases.

<u>Interest Expense</u>

- Interest expense increased $3.3 million $3.9 million, or 413.6% 305.4%, to $4.1 million $5.2 million for the three months ended June 30, 2023 September 30, 2023 compared to $795,000 $1.3 million for the three months ended June 30, 2022 September 30, 2022.
  - Interest expense on deposits increased $3.2 million $3.7 million, or 536.1% 340.2%, to $3.8 million $4.8 million for the three months ended June 30, 2023 September 30, 2023 compared to $604,000 $1.1 million for the three months ended June 30, 2022 September 30, 2022. Rising market interest rates led to the repricing of interest-bearing demand and money market deposits and a shift in deposits from non interest-bearing to interest-bearing demand and time deposits and resulted in a 137 150 bps, or 466.9% 295.2%, increase in the average cost of interest-bearing deposits compared to the three months ended June 30, 2022 September 30, 2022. This accounted for a $3.2 million $3.5 million increase in interest expense. Additionally, interest-bearing deposit balances increased $104.5 million $95.4 million, or 12.7% 11.3%, to $930.1 million $937.8 million as of June 30, 2023 September 30, 2023 compared to $825.6 $842.4 million as of June 30, 2022 September 30, 2022, accounting for a $70,000 $138,000 increase in interest expense.

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Average Balances and Yields. The following table presents information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting average yields and costs. Average balances are derived from daily balances over the periods indicated. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. FTE yield adjustments have been made for tax exempt loan and securities interest income utilizing a marginal federal income tax rate of 21.0% for the periods presented. As such, amounts will not agree to income as reported in the consolidated financial statements. The yields and costs for the periods indicated are derived by dividing annualized income or expense by the average balances of assets or liabilities, respectively, for the periods presented.

		Three Months Ended June 30,							Three Months Ended September 30,					
		2023			2022				2023			2022		
		Average Balance	Interest and Dividends	Yield/ Cost (1)	Average Balance	Interest and Dividends	Yield/ Cost (1)		Average Balance	Interest and Dividends	Yield/ Cost (1)	Average Balance	Interest and Dividends	Yield/ Cost (1)
(Dollars in thousands)	*(Dollars in thousands)*							*(Dollars in thousands)*						
(Unaudited)	*(Unaudited)*							*(Unaudited)*						
Assets:	**Assets:**							**Assets:**						
Interest-Earning Assets:	Interest-Earning Assets:							Interest-Earning Assets:						
Loans, Net (2)	Loans, Net (2)	$ 1,079,399	$ 13,450	5.00 %	$ 1,007,874	$ 9,751	3.88 %	Loans, Net (2)	$ 1,088,691	$ 14,081	5.13 %	$ 1,024,363	$ 10,833	4.20 %
Debt Securities	Debt Securities							Debt Securities						
Taxable	Taxable	209,292	950	1.82	228,315	988	1.73	Taxable	204,848	940	1.84	222,110	985	1.77

Exempt From Federal Tax	Exempt From Federal Tax	6,180	53	3.43	9,109	73	3.21	Exempt From Federal Tax	6,013	52	3.46	7,998	62	3.10
Equity Securities	Equity Securities	2,693	25	3.71	2,693	20	2.97	Equity Securities	2,693	25	3.71	2,693	21	3.12
Interest-Earning Deposits at Banks	Interest-Earning Deposits at Banks	54,466	721	5.30	56,379	122	0.87	Interest-Earning Deposits at Banks	52,642	750	5.70	67,870	378	2.23
Other Interest-Earning Assets	Other Interest-Earning Assets	2,783	39	5.62	3,235	38	4.71	Other Interest-Earning Assets	3,292	69	8.32	2,784	39	5.56
Total Interest-Earning Assets	Total Interest-Earning Assets	1,354,813	15,238	4.51	1,307,605	10,992	3.37	Total Interest-Earning Assets	1,358,179	15,917	4.65	1,327,818	12,318	3.68
Noninterest-Earning Assets	Noninterest-Earning Assets	51,928			84,323			Noninterest-Earning Assets	52,709			68,796		
Total Assets	Total Assets	$ 1,406,741			$ 1,391,928			Total Assets	$ 1,410,888			$ 1,396,614		
Liabilities and Stockholders' Equity:	**Liabilities and Stockholders' Equity:**							**Liabilities and Stockholders' Equity:**						
Interest-Bearing Liabilities:	Interest-Bearing Liabilities:							Interest-Bearing Liabilities:						
Interest-Bearing Demand Deposits	Interest-Bearing Demand Deposits	$ 354,497	1,582	1.79 %	$ 260,655	111	0.17 %	Interest-Bearing Demand Deposits	$ 363,997	2,003	2.18 %	$ 278,412	393	0.56 %
Savings Accounts	Savings Accounts	225,175	53	0.09	248,356	20	0.03	Savings Accounts	212,909	54	0.10	251,148	20	0.03
Money Market Accounts	Money Market Accounts	194,565	1,033	2.13	188,804	61	0.13	Money Market Accounts	187,012	1,141	2.42	189,371	269	0.56
Time Deposits	Time Deposits	155,867	1,174	3.02	127,832	412	1.29	Time Deposits	173,832	1,552	3.54	123,438	397	1.28
Total Interest-Bearing Deposits	Total Interest-Bearing Deposits	930,104	3,842	1.66	825,647	604	0.29	Total Interest-Bearing Deposits	937,750	4,750	2.01	842,369	1,079	0.51
Short-Term Borrowings	Short-Term Borrowings	480	3	2.51	34,135	18	0.21	Short-Term Borrowings	—	—	—	28,738	19	0.26
Other Borrowings	Other Borrowings	21,026	238	4.54	17,611	173	3.94	Other Borrowings	34,662	407	4.66	17,621	174	3.92
Total Interest-Bearing Liabilities	Total Interest-Bearing Liabilities	951,610	4,083	1.72	877,393	795	0.36	Total Interest-Bearing Liabilities	972,412	5,157	2.10	888,728	1,272	0.57
Noninterest-Bearing Demand Deposits	Noninterest-Bearing Demand Deposits	326,262			391,975			Noninterest-Bearing Demand Deposits	312,016			390,658		
Other Liabilities	Other Liabilities	10,920			4,415			Other Liabilities	9,025			2,636		
Total Liabilities	Total Liabilities	1,288,792			1,273,783			Total Liabilities	1,293,453			1,282,022		
Stockholders' Equity	Stockholders' Equity	117,949			118,145			Stockholders' Equity	117,435			114,592		
Total Liabilities and Stockholders' Equity	Total Liabilities and Stockholders' Equity	$ 1,406,741			$ 1,391,928			Total Liabilities and Stockholders' Equity	$ 1,410,888			$ 1,396,614		
Net Interest Income (FTE) (Non-GAAP) (3)	Net Interest Income (FTE) (Non-GAAP) (3)		$ 11,155			$ 10,197		Net Interest Income (FTE) (Non-GAAP) (3)		$ 10,760			$ 11,046	
Net Interest Rate Spread (FTE) (Non-GAAP) (3)(5)	Net Interest Rate Spread (FTE) (Non-GAAP) (3)(5)			2.79 %			3.01 %	Net Interest Rate Spread (FTE) (Non-GAAP) (3)(5)			2.55 %			3.11 %
Net Interest-Earning Assets (4)	Net Interest-Earning Assets (4)	$ 403,203			$ 430,212			Net Interest-Earning Assets (4)	$ 385,767			$ 439,090		
Net Interest Margin (GAAP) (6)				3.29			3.12							
Net Interest Margin (GAAP) (6)								Net Interest Margin (GAAP) (6)			3.13			3.29
Net Interest Margin (FTE) (Non-GAAP) (3)(6)	Net Interest Margin (FTE) (Non-GAAP) (3)(6)			3.30			3.13	Net Interest Margin (FTE) (Non-GAAP) (3)(6)			3.14			3.30
Return on Average Assets (1)	Return on Average Assets (1)			0.79			0.03	Return on Average Assets (1)			0.75			1.12

Return on Average Equity (1)	Return on Average Equity (1)			9.38			0.40	Return on Average Equity (1)			9.03			13.60
Average Equity to Average Assets	Average Equity to Average Assets			8.38			8.49	Average Equity to Average Assets			8.32			8.20
Average Interest-Earning Assets to Average Interest-Bearing Liabilities	Average Interest-Earning Assets to Average Interest-Bearing Liabilities			142.37			149.03	Average Interest-Earning Assets to Average Interest-Bearing Liabilities			139.67			149.41
PPP Loans	PPP Loans	$ 38	$ 1	10.56	$ 5,546	$ 144	10.41	PPP Loans	$ 24	$ 1	16.53	$ 2,424	$ 123	20.13

(1) Annualized based on three months ended results.
(2) Net of the allowance for credit losses and includes nonaccrual loans with a zero yield and Loans Held for Sale if applicable. yield.
(3) Refer to Explanation and Use of Non-GAAP Financial Measures in this filing for the calculation of the measure and reconciliation to the most comparable GAAP measure.
(4) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(5) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
(6) Net interest margin represents annualized net interest income divided by average total interest-earning assets.

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Rate/Volume Analysis. The following table presents the effects of changing rates and volumes on our net interest income for the periods indicated. FTE yield adjustments have been made for tax exempt loan and securities income utilizing a marginal federal income tax rate of 21.0%. The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume. The total column represents the sum of the prior columns.

		Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022				**Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022**		
		Increase (Decrease) Due to				**Increase (Decrease) Due to**		
		Volume	**Rate**	**Total**		**Volume**	**Rate**	**Total**
(Dollars in thousands) *(Unaudited)*	*(Dollars in thousands)* *(Unaudited)*				*(Dollars in thousands)* *(Unaudited)*			
Interest and Dividend Income:	Interest and Dividend Income:				Interest and Dividend Income:			
Loans, net	Loans, net	$ 724	$ 2,975	$ 3,699	Loans, net	$ 729	$ 2,519	$ 3,248
Debt Securities:	Debt Securities:				Debt Securities:			
Taxable	Taxable	(87)	49	(38)	Taxable	(83)	38	(45)
Exempt From Federal Tax	Exempt From Federal Tax	(25)	5	(20)	Exempt From Federal Tax	(16)	6	(10)
Equity Securities	Equity Securities	—	5	5	Equity Securities	—	4	4
Cash at Other Banks	Cash at Other Banks	(3)	602	599	Cash at Other Banks	(107)	479	372
Other Interest-Earning Assets	Other Interest-Earning Assets	(5)	6	1	Other Interest-Earning Assets	8	22	30
Total Interest-Earning Assets	Total Interest-Earning Assets	604	3,642	4,246	Total Interest-Earning Assets	531	3,068	3,599
Interest Expense:	Interest Expense:				Interest Expense:			
Deposits	Deposits	70	3,168	3,238	Deposits	138	3,533	3,671
Short-Term Borrowings	Short-Term Borrowings	(34)	19	(15)	Short-Term Borrowings	(10)	(9)	(19)
Other Borrowings	Other Borrowings	37	28	65	Other Borrowings	195	38	233

Total Interest-Bearing Liabilities	Total Interest-Bearing Liabilities	73	3,215	3,288	Total Interest-Bearing Liabilities	323	3,562	3,885
Change in Net Interest and Dividend Income	Change in Net Interest and Dividend Income	$ 531	$ 427	$ 958	Change in Net Interest and Dividend Income	$ 208	$ (494)	$ (286)

Provision for Credit Losses. Effective January 1, 2023, the Company adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The provision for credit losses recorded for the three months ended June 30, 2023 September 30, 2023 was $432,000 $406,000 and was required primarily due to loan growth changes in qualitative factors coupled with a modeled slowdown in loan prepayment speeds. This compared to $3.8 million in no provision for credit losses recorded for the three months ended June 30, 2022, primarily due to the charge-off of a $2.7 million commercial and industrial loan to a borrower that ceased operations. September 30, 2022.

Noninterest Income. Noninterest income increased $164,000, decreased $327,000, or 7.8% 11.9%, to $2.3 million $2.4 million for the three months ended June 30, 2023 September 30, 2023, compared to $2.1 million $2.7 million for the three months ended June 30, 2022 September 30, 2022. This increase decrease was primarily related to a $142,000 increase in commercial and personal insurance commissions and a $439,000 decrease in net losses gain on securities disposal of $99,000. fixed assets as compared to the prior period which included gains from the sale of assets of two closed branch locations.

Noninterest Expense. Noninterest expense increased $1.1 million, $660,000, or 13.0% 7.5%, to $9.5 million for the three months ended June 30, 2023 September 30, 2023 compared to $8.4 million $8.8 million for the three months ended June 30, 2022 September 30, 2022. Salaries and benefits increased $692,000, $630,000, or 15.2% 13.3%, to $5.2 million $5.4 million primarily due to merit increases and revenue producing staff additions and associated $160,000 of recruiting costs, and $80,000 of severance costs related to the discontinuation of indirect automobile lending. additions. Data processing expense increased $272,000, $174,000, or 61.0% 32.2%, to $718,000, $714,000, due to increased ongoing costs related to the fourth quarter 2022 core conversion and equipment expense increased $101,000 $95,000 or 55.5% 55.9%, to $283,000, $265,000, due to costs associated with the implementation and operation of new interactive teller machines.

Income Taxes. Income tax expense was $699,000 $564,000 for the three months ended June 30, 2023 September 30, 2023 compared to and income tax benefit of $44,000 $998,000 for the three months ended June 30, 2022 September 30, 2022. This change was primarily driven by an increase decrease in pre-tax income to $3.5 $3.2 million for the three months ended June 30, 2023 September 30, 2023 compared to $74,000 $4.9 million for the three months ended June 30, 2022 September 30, 2022 and a $117,000 income tax refund received during three months ended September 30, 2023.

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Results of Operations for the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Overview. Net income was $6.9 million $9.6 million for the six nine months ended June 30, 2023 September 30, 2023, an increase of $3.8 million $2.5 million compared to $3.2 million $7.1 million for the six nine months ended June 30, 2022 September 30, 2022.

Net Interest and Dividend Income. Net interest and dividend income increased $2.6 million $2.4 million, or 13.2% 7.6% to $22.7 million $33.4 million for the six nine months ended June 30, 2023 September 30, 2023 compared to $20.1 million $31.1 million for the six nine months ended June 30, 2022 September 30, 2022. Net interest margin (GAAP) increased to 3.40% 3.31% for the six nine months ended June 30, 2023 September 30, 2023 compared to 3.10% 3.17% for the six nine months ended June 30, 2022 September 30, 2022. Net interest margin (Non-GAAP FTE) increased 30 14 bps to 3.41% 3.32% for the six nine months ended June 30, 2023 September 30, 2023 compared to 3.11% 3.18% the six nine months ended June 30, 2022 September 30, 2022.

Interest and Dividend Income

- Interest and dividend income increased $7.9 million $11.5 million, or 36.5% 33.8%, to $29.4 million $45.3 million for the six nine months ended June 30, 2023 September 30, 2023 compared to $21.6 million $33.9 million for the six nine months ended June 30, 2022 September 30, 2022.
  - Interest income on loans increased $6.5 million $9.7 million or 33.8% 32.4% to $25.8 million $39.8 million during the six nine months ended June 30, 2023 September 30, 2023 compared to $19.3 million $30.1 million for the six nine months ended June 30, 2022 September 30, 2022. Average loans increased $51.6 million $55.9 million, while the loan yield for the six nine months ended June 30, 2023 September 30, 2023 increased 106 101 bps to 4.92% 4.99% compared to 3.86% 3.98% for the six nine months ended June 30, 2022 September 30, 2022.
  - Interest income on interest-earning deposits at other banks increased $1.4 million $1.7 million, to $1.5 million $2.3 million for the six nine months ended June 30, 2023 September 30, 2023 compared to $156,000 $534,000 for the six nine months ended June 30, 2022 September 30, 2022 as the average yield increased 420 386 bps, and while average balances increased $6.6 million. decreased $739,000. The increase in the average yield was the result of the Federal Reserve Board's interest rate increases.

Interest Expense

- Interest expense increased $5.2 million $9.1 million, or 344.3% 326.3%, to $6.7 million $11.9 million for the six nine months ended June 30, 2023 September 30, 2023 compared to $1.5 million $2.8 million for the six nine months ended June 30, 2022 September 30, 2022.
  - Interest expense on deposits increased $5.2 million $8.9 million, or 459.6% 401.2%, to $6.3 million $11.1 million for the six nine months ended June 30, 2023 September 30, 2023 compared to $1.1 million $2.2 million for the six nine months ended June 30, 2022 September 30, 2022. Rising market interest rates led to the repricing of

interest-bearing demand and money market deposits and a shift in deposits from non interest-bearing to interest-bearing demand and time deposits and resulted in a 113 126 bps increase in average cost of interest-bearing deposits compared to the six nine months ended June 30, 2022 September 30, 2022. This accounted for a $5.1 million $8.7 million increase in interest expense. Additionally, average interest-bearing deposits increased $76.1 million $82.6 million, or 9.1% 9.9%, accounting for a $115,000 $232,000 increase in interest expense.

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Average Balances and Yields. The following table presents information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting average yields and costs. Average balances are derived from daily balances over the periods indicated. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. FTE yield adjustments have been made for tax exempt loan and securities interest income utilizing a marginal federal income tax rate of 21% for the periods presented. As such, amounts will not agree to income as reported in the consolidated financial statements. The yields and costs for the periods indicated are derived by dividing annualized income or expense by the average balances of assets or liabilities, respectively, for the periods presented.

		Six Months Ended June 30,							Nine Months Ended September 30,					
		2023			2022				2023			2022		
		Average Balance	Interest and Dividends	Yield/ Cost (1)	Average Balance	Interest and Dividends	Yield/ Cost (1)		Average Balance	Interest and Dividends	Yield/ Cost (1)	Average Balance	Interest and Dividends	Yield/ Cost (1)
(Dollars in thousands)	*(Dollars in thousands)*							*(Dollars in thousands)*						
(Unaudited)	*(Unaudited)*							*(Unaudited)*						
Assets:	**Assets:**							**Assets:**						
Interest-Earning Assets:	Interest-Earning Assets:							Interest-Earning Assets:						
Loans, Net (2)	Loans, Net (2)	$ 1,060,092	$ 25,840	4.92 %	$ 1,008,539	$ 19,322	3.86 %	Loans, Net (2)	$ 1,069,729	$ 39,924	4.99 %	$ 1,013,871	$ 30,157	3.98 %
Debt Securities	Debt Securities							Debt Securities						
Taxable	Taxable	211,213	1,914	1.81	222,144	1,893	1.70	Taxable	209,069	2,853	1.82	222,132	2,878	1.73
Tax Exempt	Tax Exempt	6,225	105	3.37	9,649	156	3.23	Tax Exempt	6,154	157	3.40	9,093	218	3.20
Equity Securities	Equity Securities	2,693	49	3.64	2,693	42	3.12	Equity Securities	2,693	74	3.66	2,693	64	3.17
Interest-Earning Deposits at Banks	Interest-Earning Deposits at Banks	64,455	1,526	4.74	57,829	156	0.54	Interest-Earning Deposits at Banks	60,474	2,276	5.02	61,213	534	1.16
Other Interest-Earning Assets	Other Interest-Earning Assets	2,709	79	5.88	3,358	76	4.56	Other Interest-Earning Assets	2,905	148	6.81	3,165	115	4.86
Total Interest-Earning Assets	Total Interest-Earning Assets	1,347,387	29,513	4.42	1,304,212	21,645	3.35	Total Interest-Earning Assets	1,351,024	45,432	4.50	1,312,167	33,966	3.46
Noninterest-Earning Assets	Noninterest-Earning Assets	50,159			103,201			Noninterest-Earning Assets	51,018			91,607		
Total Assets	Total Assets	$ 1,397,546			$ 1,407,413			Total Assets	$ 1,402,042			$ 1,403,774		
Liabilities and Stockholders' Equity:	**Liabilities and Stockholders' Equity:**							**Liabilities and Stockholders' Equity:**						
Interest-Bearing Liabilities:	Interest-Bearing Liabilities:							Interest-Bearing Liabilities:						
Interest-Bearing Demand Deposits	Interest-Bearing Demand Deposits	$ 344,965	2,773	1.62 %	$ 268,585	160	0.12 %	Interest-Bearing Demand Deposits	$ 351,379	4,776	1.82 %	$ 271,897	554	0.27 %
Savings Accounts	Savings Accounts	233,689	90	0.08	246,084	38	0.03	Savings Accounts	226,686	145	0.09	247,790	58	0.03
Money Market Accounts	Money Market Accounts	203,952	1,972	1.95	190,605	102	0.11	Money Market Accounts	198,243	3,113	2.10	190,189	371	0.26
Time Deposits	Time Deposits	128,659	1,511	2.37	129,914	834	1.29	Time Deposits	143,881	3,063	2.85	127,732	1,231	1.29

Total Interest-Bearing Deposits	Total Interest-Bearing Deposits	911,265	6,346	1.40	835,188	1,134	0.27	Total Interest-Bearing Deposits	920,189	11,097	1.61	837,608	2,214	0.35
Short-Term Borrowings	Short-Term Borrowings	910	5	1.11	36,000	37	0.21	Short-Term Borrowings	604	5	1.11	33,553	56	0.22
Other Borrowings	Other Borrowings	17,850	393	4.44	17,608	347	3.97	Other Borrowings	23,516	800	4.55	17,612	522	3.96
Total Interest-Bearing Liabilities	Total Interest-Bearing Liabilities	930,025	6,744	1.46	888,796	1,518	0.34	Total Interest-Bearing Liabilities	944,309	11,902	1.69	888,773	2,792	0.42
Noninterest-Bearing Demand Deposits	Noninterest-Bearing Demand Deposits	344,203			388,103			Noninterest-Bearing Demand Deposits	333,356			388,964		
Other Liabilities	Other Liabilities	6,959			6,468			Other Liabilities	7,655			5,177		
Total Liabilities	Total Liabilities	1,281,187			1,283,367			Total Liabilities	1,285,320			1,282,914		
Stockholders' Equity	Stockholders' Equity	116,359			124,046			Stockholders' Equity	116,722			120,860		
Total Liabilities and Stockholders' Equity	Total Liabilities and Stockholders' Equity	$ 1,397,546			$ 1,407,413			Total Liabilities and Stockholders' Equity	$ 1,402,042			$ 1,403,774		
Net Interest Income (FTE) (Non-GAAP) (3)	Net Interest Income (FTE) (Non-GAAP) (3)		$ 22,769			$ 20,127		Net Interest Income (FTE) (Non-GAAP) (3)		$ 33,530			$ 31,174	
Net Interest Rate Spread (FTE) (Non-GAAP) (3)(5)	Net Interest Rate Spread (FTE) (Non-GAAP) (3)(5)			2.96 %			3.01 %	Net Interest Rate Spread (FTE) (Non-GAAP) (3)(5)			2.81 %			3.04 %
Net Interest-Earning Assets (4)	Net Interest-Earning Assets (4)	$ 417,362			$ 415,416			Net Interest-Earning Assets (4)	$ 406,715			$ 423,394		
Net Interest Margin (GAAP) (6)	Net Interest Margin (GAAP) (6)			3.40			3.10	Net Interest Margin (GAAP) (6)			3.31			3.17
Net Interest Margin (FTE) (Non-GAAP) (3) (6)	Net Interest Margin (FTE) (Non-GAAP) (3) (6)			3.41			3.11	Net Interest Margin (FTE) (Non-GAAP) (3) (6)			3.32			3.18
Return on Average Assets (1)	Return on Average Assets (1)			1.00			0.45	Return on Average Assets (1)			0.91			0.68
Return on Average Equity (1)	Return on Average Equity (1)			11.98			5.15	Return on Average Equity (1)			10.98			7.85
Average Equity to Average Assets	Average Equity to Average Assets			8.33			8.81	Average Equity to Average Assets			8.33			8.61
Average Interest-Earning Assets to Average Interest-Bearing Liabilities	Average Interest-Earning Assets to Average Interest-Bearing Liabilities			144.88			146.74	Average Interest-Earning Assets to Average Interest-Bearing Liabilities			143.07			147.64
PPP Loans	PPP Loans	$ 69	$ 4	11.69	$ 10,085	$ 589	11.78	PPP Loans	$ 54	$ 5	12.38	$ 7,503	$ 712	12.69

(1) Annualized based on six nine months ended results.
(2) Net of the allowance for credit losses and includes nonaccrual loans with a zero yield and Loans Held for Sale if applicable. yield.
(3) Refer to Explanation and Use of Non-GAAP Financial Measures in this filing for the calculation of the measure and reconciliation to the most comparable GAAP measure.
(4) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(5) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
(6) Net interest margin represents annualized net interest income divided by average total interest-earning assets.

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Rate Volume Analysis. The following table presents the effects of changing rates and volumes on our net interest income for the periods indicated. FTE yield adjustments have been made for tax exempt loan and securities income utilizing a marginal federal income tax rate of 21%. The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume. The total column represents the sum of the prior columns.

		Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022				Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022		
		Increase (Decrease) Due to				Increase (Decrease) Due to		
		Volume	Rate	Total		Volume	Rate	Total
(Dollars in thousands)	*(Dollars in thousands)*				*(Dollars in thousands)*			
(Unaudited)	*(Unaudited)*				*(Unaudited)*			
Interest and Dividend Income:	Interest and Dividend Income:				Interest and Dividend Income:			
Loans, net	Loans, net	$ 989	$ 5,529	$ 6,518	Loans, net	$ 1,761	$ 8,006	$ 9,767
Debt Securities:	Debt Securities:				Debt Securities:			
Taxable	Taxable	(98)	119	21	Taxable	(171)	146	(25)
Exempt From Federal Tax	Exempt From Federal Tax	(58)	7	(51)	Exempt From Federal Tax	(74)	13	(61)
Equity Securities	Equity Securities	—	7	7	Equity Securities	—	10	10
Cash at Other Banks	Cash at Other Banks	19	1,351	1,370	Cash at Other Banks	(9)	1,751	1,742
Other Interest-Earning Assets	Other Interest-Earning Assets	(17)	20	3	Other Interest-Earning Assets	(10)	43	33
Total Interest-Earning Assets	Total Interest-Earning Assets	835	7,033	7,868	Total Interest-Earning Assets	1,497	9,969	11,466
Interest Expense:	Interest Expense:				Interest Expense:			
Deposits	Deposits	115	5,097	5,212	Deposits	232	8,651	8,883
Short-Term Borrowings	Short-Term Borrowings	(65)	33	(32)	Short-Term Borrowings	(98)	47	(51)
Other Borrowings	Other Borrowings	4	42	46	Other Borrowings	192	86	278
Total Interest-Bearing Liabilities	Total Interest-Bearing Liabilities	54	5,172	5,226	Total Interest-Bearing Liabilities	326	8,784	9,110
Change in Net Interest and Dividend Income	Change in Net Interest and Dividend Income	$ 781	$ 1,861	$ 2,642	Change in Net Interest and Dividend Income	$ 1,171	$ 1,185	$ 2,356

Provision for Credit Losses. The provision for credit losses was $572,000 $917,000 for the six nine months ended June 30, 2023 September 30, 2023, and $3.8 million for the six nine months ended June 30, 2022.The September 30, 2022. The increased provision for credit losses for the six nine months ended June 30, 2022 September 30, 2022 was primarily due to a provision for a single loan charge-off of $2.7 million with respect to a commercial and industrial loan to a borrower who ceased operations.

Noninterest Income. Noninterest income increased $362,000, $34,000, or 7.7% 0.5%, to $5.1 million $7.49 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $4.7 million $7.46 million for the six nine months ended June 30, 2022 September 30, 2022. This increase was primarily related to a $303,000 increase in net gains of bank-owned life insurance claims resulting from two death claims and an increase of $267,000, $335,000, or 8.4% 7.4%, in insurance commissions to $3.4 million $4.9 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $3.2 million $4.5 million for the six nine months ended June 30, 2022 September 30, 2022 due to higher lock-in amounts received and core business including commercial and personal insurance lines. Conversely,

Partially offsetting these increases, net gain on disposal of fixed assets decreased $420,000, or 97.4%, to $11,000 for the nine months ended September 30, 2023, compared to $431,000 for the nine months ended September 30, 2022 due to a $439,000 gain resulting from the sale of assets of two closed branch locations recorded during the nine months ended September 30, 2022. Additionally, service fees decreased $193,000, $270,000, or 17.8% 16.6%, to $892,000 $1.4 million for six nine months ended June 30, 2023 September 30, 2023, compared to $1.1 million $1.6 million for the six nine months ended June 30, 2022 September 30, 2022 and the net loss on equity securities increased to $332,000 $369,000 for the six nine months ended June 30, 2023 September 30, 2023 compared to $206,000 $252,000 for the six nine months ended June 30, 2022 September 30, 2022, which was due to a decline of $126,000 $117,000 in the market value of equity securities, comprised mainly of bank stocks.

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Noninterest Expense. Noninterest expense increased $1.5 million $2.1 million, or 8.6% 8.2%, to $18.5 million $28.0 million for the six nine months ended June 30, 2023 September 30, 2023 compared to $17.1 million $25.9 million for the six nine months ended June 30, 2022 September 30, 2022. Salaries and benefits increased $1.2 $1.8 million primarily due to revenue producing staffing additions, recruiting costs and severance related to the discontinuation of indirect automobile lending. Data processing expense increased $644,000 $818,000 due to increased ongoing costs related to the fourth quarter 2022 core conversion and equipment expense increased $109,000 $205,000 due to costs associated with the implementation and operation of new interactive teller machines. Conversely, contracted services decreased $354,000 $355,000 due primarily to costs associated with project management of strategic initiatives during 2022.

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Income Taxes. Income tax expense increased $1.1 million $635,000 to $2.4 million for the nine months ended September 30, 2023 compared to $1.8 million for the six nine months ended June 30, 2023 compared to $759,000 for the six months ended June 30, 2022 September 30, 2022. The change between the periods is consistent with the change in pre-tax income, as pre-tax income was $8.7 $12.0 million for the six nine months ended June 30, 2023 September 30, 2023 compared to pre-tax income of $3.9 $8.9 million for the six nine months ended June 30, 2022 September 30, 2022.

Off-Balance Sheet Arrangements.

Other than loan commitments and standby and performance letters of credit, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a significant current or future effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors. Refer to Note 6 in the Notes to Consolidated Financial Statements of this report for a summary of commitments outstanding as of June 30, 2023 September 30, 2023 and December 31, 2022.

Liquidity and Capital Management

Liquidity. Liquidity is the ability to meet current and future financial obligations of a short-term nature. The Company’s primary sources of funds consist of deposit inflows, loan repayments and maturities, calls and sales of securities. While maturities and scheduled amortization of loans and securities are typically predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition.

The Company regularly adjusts its investments in liquid assets based upon its assessment of expected loan demand, expected deposit flows, yields available on interest-earning deposits and securities, and the objectives of its asset/liability management program. Excess liquid assets are invested generally in interest-earning deposits with other banks and short- and intermediate-term securities. The Company believes that it had sufficient liquidity at June 30, 2023 September 30, 2023 to satisfy its short- and long-term liquidity needs.

The Company’s most liquid assets are cash and due from banks, which totaled $78.1 million $52.6 million at June 30, 2023 September 30, 2023. The levels of these assets depend on our operating, financing, lending and investing activities during any given period. Unpledged securities, which provide an additional source of liquidity, totaled $10.1 million $20.8 million at June 30, 2023 September 30, 2023. In addition, at June 30, 2023 September 30, 2023, the Company had the ability to borrow up to $466.1 million $467.9 million from the FHLB of Pittsburgh, of which $444.1 million $415.3 million is available. The Company also has the ability to borrow up to $115.9 million $109.2 million from the FRB through its Borrower-In-Custody line of credit agreement and the Company also maintains multiple line of credit arrangements with various unaffiliated banks totaling $50.0 million as of both June 30, 2023 September 30, 2023 and December 31, 2022, currently these credit arrangements have remained unused.

At June 30, 2023 September 30, 2023, $79.1 million $83.4 million, or 46.7% 47.0% of total time deposits mature within one year. If these time deposits do not remain with the Company, the Company will be required to seek other sources of funds. Depending on market conditions, the Company may be required to pay higher rates on such deposits or other borrowings than it currently pays on these time deposits. The Company believes, however, based on past experience that a significant portion of its time deposits will remain with it, either as time deposits or as other deposit products. The Company has the ability to attract and retain deposits by adjusting the interest rates offered. The Bank's current deposit portfolio is 61.1% 60.5% insured by the FDIC, and with additional coverage of 16.5% 16.9% from the Bank's investment securities; of the total deposits held at the Bank only 22.4% 22.6% are uninsured.

We are committed to maintaining a strong liquidity position; therefore, we monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. The marginal cost of new funding, however, whether from deposits or borrowings from the FHLB, will be carefully considered as we monitor our liquidity needs. Therefore, in order to minimize our cost of funds, we may consider additional borrowings from the FHLB in the future.

CB Financial is a separate legal entity from the Bank and must provide for its own liquidity to pay any dividends to its shareholders and for other corporate purposes. Its primary source of liquidity is dividend payments it receives from the Bank. The Bank’s ability to pay dividends to CB Financial is subject to regulatory limitations. At June 30, 2023 September 30, 2023, CB Financial (on an unconsolidated, stand-alone basis) had liquid assets of $16.0 million. The ability to pay future dividends or conduct stock repurchases may be limited under applicable banking regulations and regulatory policies due to expected losses for future periods and/or the inability to upstream funds from the Bank to the Company as a result of lower income or regulatory capital levels.

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Capital Management. The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, each must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

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Under the Regulatory Capital Rules, in order to avoid limitations on capital distributions (including dividend payments and certain discretionary bonus payments to executive officers), a banking organization must hold a capital conservation buffer comprised of common equity Tier I capital above its minimum risk-based capital requirements in an amount greater than 2.5% of total risk-weighted assets.

At June 30, 2023 September 30, 2023 and December 31, 2022, the Bank was categorized as "well capitalized" under the regulatory framework for prompt corrective action. At June 30, 2023.

The following table presents the Bank's regulatory capital amounts and ratios, as well as the minimum amounts and ratios required to be well capitalized as of the dates indicated.

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Amount	Ratio	Amount	Ratio		Amount	Ratio	Amount	Ratio
(Dollars in thousands)	*(Dollars in thousands)*					*(Dollars in thousands)*				
Common Equity Tier 1 (to risk weighted assets)	**Common Equity Tier 1 (to risk weighted assets)**					**Common Equity Tier 1 (to risk weighted assets)**				
Actual	Actual	$ 129,044	12.54 %	$ 121,188	12.33 %	Actual	$ 130,934	12.77 %	$ 121,188	12.33 %
For Capital Adequacy Purposes	For Capital Adequacy Purposes	46,307	4.50	44,221	4.50	For Capital Adequacy Purposes	46,141	4.50	44,221	4.50
To Be Well Capitalized	To Be Well Capitalized	66,888	6.50	63,875	6.50	To Be Well Capitalized	66,648	6.50	63,875	6.50
Tier 1 Capital (to risk weighted assets)	**Tier 1 Capital (to risk weighted assets)**					**Tier 1 Capital (to risk weighted assets)**				
Actual	Actual	129,044	12.54	121,188	12.33	Actual	130,934	12.77	121,188	12.33
For Capital Adequacy Purposes	For Capital Adequacy Purposes	61,742	6.00	58,961	6.00	For Capital Adequacy Purposes	61,521	6.00	58,961	6.00
To Be Well Capitalized	To Be Well Capitalized	82,323	8.00	78,615	8.00	To Be Well Capitalized	82,028	8.00	78,615	8.00
Total Capital (to risk weighted assets)	**Total Capital (to risk weighted assets)**					**Total Capital (to risk weighted assets)**				
Actual	Actual	140,368	13.64	133,478	13.58	Actual	142,555	13.90	133,478	13.58
For Capital Adequacy Purposes	For Capital Adequacy Purposes	82,323	8.00	78,615	8.00	For Capital Adequacy Purposes	82,028	8.00	78,615	8.00
To Be Well Capitalized	To Be Well Capitalized	102,904	10.00	98,269	10.00	To Be Well Capitalized	102,535	10.00	98,269	10.00
Tier 1 Leverage (to adjusted total assets)	**Tier 1 Leverage (to adjusted total assets)**					**Tier 1 Leverage (to adjusted total assets)**				
Actual	Actual	129,044	9.26	121,188	8.66	Actual	130,934	9.37	121,188	8.66

For Capital Adequacy Purposes	For Capital Adequacy Purposes	55,732	4.00	55,969	4.00	For Capital Adequacy Purposes	55,901	4.00	55,969	4.00
To Be Well Capitalized	To Be Well Capitalized	69,665	5.00	69,962	5.00	To Be Well Capitalized	69,876	5.00	69,962	5.00

Item 3. Quantitative and Qualitative Disclosure about Market Risk.

Management of Interest Rate Risk. The majority of the Company's assets and liabilities are monetary in nature. Consequently, the Company's most significant form of market risk is interest rate risk and a principal part of its business strategy is to manage interest rate risk by reducing the exposure of net interest income to changes in market interest rates. Accordingly, the Company's Board has established an Asset/Liability Management Committee, which is responsible for evaluating the interest rate risk inherent in the Company's assets and liabilities, for determining the level of risk that is appropriate given the Company's business strategy, operating environment, capital, liquidity and performance objectives; and for managing this risk consistent with the guidelines approved by the Board. Senior management monitors the level of interest rate risk and the Asset/Liability Management Committee meets on a quarterly basis to review its asset/liability policies and position and interest rate risk position, and to discuss and implement interest rate risk strategies.

The Company monitors interest rate risk through the use of a simulation model. The quarterly reports developed in the simulation model assist the Company in identifying, measuring, monitoring and controlling interest rate risk to ensure compliance within the Company's policy guidelines. This quantitative analysis measures interest rate risk from both a capital and earnings perspective. With regard to earnings, movements in interest rates and the shape of the yield curve significantly influence the amount of net

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interest income that is recognized. Movements in market interest rates significantly influence the spread between the interest earned on our interest-earning assets and the interest paid on our interest-bearing liabilities. Our internal interest rate risk analysis calculates the sensitivity of our projected net interest income over a one year period utilizing a static balance sheet assumption through which incoming and outgoing asset and liability cash flows are reinvested into similar instruments. Product pricing and earning asset prepayment speeds are adjusted for each rate scenario.

With regard to capital, our internal interest rate risk analysis calculates the sensitivity of our economic value of equity ("EVE") ratio to movements in interest rates. EVE represents the present value of the expected cash flows from our assets less the present

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value of the expected cash flows arising from our liabilities. EVE attempts to quantify our economic value using a discounted cash flow methodology while the EVE ratio reflects that value as a form of capital ratio. The degree to which the EVE ratio changes for any hypothetical interest rate scenario from its base case measurement is a reflection of an institution's sensitivity to interest rate risk.

For both net interest income and capital at risk, our interest rate risk analysis calculates a base case scenario that assumes no change in interest rates. The model then measures changes throughout a series of interest rate scenarios representing immediate and permanent, parallel shifts in the yield curve up and down 100, 200, 300 and 400 basis points with additional scenarios modeled where appropriate. The model requires that interest rates remain positive for all points along the yield curve for each rate scenario which may preclude the modeling of certain falling rate scenarios.

The table below sets forth, as of June 30, 2023 September 30, 2023, the estimated changes in EVE and net interest income at risk that would result from the designated instantaneous changes in market interest rates. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, loan prepayments and deposit decay, and should not be relied upon as indicative of actual results.

		EVE			EVE as a Percent of Portfolio Value of Assets		Net Interest Earnings at Risk				EVE			EVE as a Percent of Portfolio Value of Assets		Net Interest Earnings at Risk		
Change in Interest Rates in Basis Points	**Change in Interest Rates in Basis Points**	**Dollar Amount**	**Dollar Change**	**Percent Change**	**NPV Ratio**	**Basis Point Change**	**Dollar Amount**	**Dollar Change**	**Percent Change**	**Change in Interest Rates in Basis Points**	**Dollar Amount**	**Dollar Change**	**Percent Change**	**NPV Ratio**	**Basis Point Change**	**Dollar Amount**	**Dollar Change**	**Percent Change**
(Dollars in thousands)	*(Dollars in thousands)*									*(Dollars in thousands)*								
+400	+400	$ 127,446	$ (51,985)	(29.0) %	10.59 %	(272)	$ 46,003	$ (1,253)	(2.7) %	+400	$137,753	$(36,554)	(21.0) %	11.67 %	(171)	$ 46,006	$ (142)	(0.3) %
+300	+300	138,247	(41,184)	(23.0)	11.19	(212)	46,270	(986)	(2.1)	+300	145,339	(28,968)	(16.6)	12.04	(134)	45,995	(153)	(0.3)
+200	+200	151,447	(27,984)	(15.6)	11.92	(139)	46,610	(646)	(1.4)	+200	154,734	(19,573)	(11.2)	12.50	(88)	46,050	(98)	(0.2)
+100	+100	165,781	(13,650)	(7.6)	12.67	(64)	46,948	(308)	(0.7)	+100	164,667	(9,640)	(5.5)	12.97	(41)	46,119	(29)	(0.1)

Flat	Flat	179,431	—	—	13.31	—	47,256	—	—	Flat	174,307	—	—	13.38	—	46,148	—	—
(100)	(100)	190,722	11,291	6.3	13.73	42	46,696	(560)	(1.2)	(100)	182,352	8,045	4.6	13.62	24	45,353	(795)	(1.7)
(200)	(200)	197,755	18,324	10.2	13.84	53	45,613	(1,643)	(3.5)	(200)	187,434	13,127	7.5	13.64	26	44,089	(2,059)	(4.5)
(300)	(300)	201,794	22,363	12.5	13.73	42	44,012	(3,244)	(6.9)	(300)	189,913	15,606	9.0	13.46	8	42,406	(3,742)	(8.1)
(400)	(400)	198,716	19,285	10.7	13.20	(11)	42,811	(4,445)	(9.4)	(400)	188,526	14,219	8.2	13.04	(34)	40,849	(5,299)	(11.5)

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurement. Modeling changes in EVE and net interest income require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the table presented assumes that the composition of the Company's interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured, and assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the table provides an indication of the Company's interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on EVE and net interest income and will differ from actual results. EVE calculations also may not reflect the fair values of financial instruments. For example, changes in market interest rates can increase the fair values of the Company's loans, deposits and borrowings.

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Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023 September 30, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how

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well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures.

Based upon their evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2023 September 30, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Periodically, there have been various claims and lawsuits against us, such as claims to enforce liens, claims seeking damages for improper collection procedures or misrepresentations, condemnation proceedings on properties in which we hold security interests, claims involving the making and servicing of real property loans and other issues incident to our business. We are not a party to any other pending legal proceedings that we believe would have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, which could materially affect our business, financial condition or future results. The risks described in such Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities, and Use of Proceeds. Proceeds and Issuer Purchases of Equity Securities.

The Company made the following purchases of its common stock during the three months ended June 30, 2023.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of the Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
April 1-30, 2023	6,792	$ 21.63	6,792	$ 8,329,501
May 1-31, 2023	—	—	—	—
June 1-30, 2023	—	—	—	—
Total	6,792	$ 21.63	6,792	$ —

(1) On April 21, 2022, the Company announced that the Board had approved a program commencing on May 2, 2022 to repurchase up to $10.0 million of the Company's outstanding common stock. This repurchase program expired on May 1, 2023. In connection with the program, the Company purchased a total of 74,656 shares of the Company's common stock at an average price of $22.38 per share.Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-4 filed on June 13, 2014 (File No. 333-196749))
3.2	Bylaws, as amended (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 20, 2020)
31.1	Rule 13a-14(a) / 15d-14(a) Certification (Chief Executive Officer)
31.2	Rule 13a-14(a) / 15d-14(a) Certification (Chief Financial Officer)
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials for the quarter ended June 30, 2023September 30, 2023, formatted in XBRL (Extensible Business Reporting Language); the (i) Consolidated Statements of Financial Condition, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to the Consolidated Financial Statements (Unaudited)
104	Cover Page Interactive Data File (Embedded within Inline XBRL contained in Exhibit 101)

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SIGNATURES

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

CB FINANCIAL SERVICES, INC.

(Registrant)

Date: August 11, November 13, 2023

/s/ John H. Montgomery

John H. Montgomery

President and Chief Executive Officer

Date: August 11, November 13, 2023

/s/ Jamie L. Prah

Jamie L. Prah

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Chief Accounting Officer)

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a)
CHIEF EXECUTIVE OFFICER CERTIFICATION

I, John H. Montgomery, President and Chief Executive Officer of CB Financial Services, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 of CB Financial Services, Inc.;

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

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

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

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

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

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

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

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

Date: August 11, November 13, 2023

/s/ John H. Montgomery
John H. Montgomery
President and Chief Executive Officer

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a)
CHIEF FINANCIAL OFFICER CERTIFICATION

I, Jamie L. Prah, Executive Vice President and Chief Financial Officer of CB Financial Services, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 of CB Financial Services, Inc.;

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

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

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

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

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

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

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

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

Date: August 11, November 13, 2023

/s/ Jamie L. Prah

Jamie L. Prah
Executive Vice President and Chief 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

In connection with the Quarterly Report on Form 10-Q of CB Financial Services, Inc. (the "Company") for the quarter ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, John H. Montgomery, President and Chief Executive Officer of the Company, and Jamie L. Prah, Executive Vice President and Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, November 13, 2023

/s/ John H. Montgomery

John H. Montgomery
President and Chief Executive Officer

Date: August 11, November 13, 2023

/s/ Jamie L. Prah

Jamie L. Prah

Executive Vice President and Chief Financial Officer

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