

REFINITIV

DELTA REPORT

10-K

CCNEP - CNB FINANCIAL CORP/PA

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 2964

■ CHANGES	532
■ DELETIONS	1215
■ ADDITIONS	1217

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

F O R M 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2022** **December 31, 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 001-39472

CNB FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

25-1450605

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1 South Second Street
P.O. Box 42

Clearfield, Pennsylvania 16830

(Address of principal executive office)

Registrant's telephone number, including area code (814) 765-9621

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

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

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the last sales price quoted on the Nasdaq Global Select Market on **June 30, 2022** **June 30, 2023**, the last business day of the registrant's most recently completed second fiscal quarter, was approximately: **\$382,432,095** **\$349,396,611**

The number of shares outstanding of the registrant's common stock as of **March 2, 2023** **March 6, 2024**: **21,116,970** **21,024,812** shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the **2023** **2024** Annual Meeting of Stockholders to be held on **April 18, 2023** **April 16, 2024** are incorporated by reference into Part III of this report.

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PART I.

The disclosures set forth in this item are qualified by Item 1A. Risk Factors and the section captioned "Forward-Looking Statements and Factors that Could Affect Future Results" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this report and other cautionary statements set forth elsewhere in this report.

ITEM 1. BUSINESS

CNB Financial Corporation (the "Corporation") is a financial holding company registered under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). It was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 for the purpose of engaging in the business of a financial holding company. On April 26, 1984, the Corporation acquired all of the outstanding capital stock of County National Bank, a national banking chartered institution. In December 2006, County National Bank changed its name to CNB Bank (the "Bank") and became a state bank chartered in Pennsylvania and subject to regulation by the Pennsylvania Department of Banking and Securities (the "Pennsylvania Department of Banking") and the Federal Deposit Insurance Corporation. In October 2013, the Corporation acquired FC Banc Corp. and its subsidiary, The Farmers Citizens Bank. In July 2016, the Corporation acquired Lake National Bank, and in July 2020, the Corporation acquired Bank of Akron.

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

CNB Bank

The Bank was originally chartered as a national bank in 1934 and is now a Pennsylvania-chartered bank. The CNB Bank franchise operates ~~eighteen~~nineteen full-service branch locations in ~~Central and North Central~~ Pennsylvania.

ERIEBANK, a division of the Bank, began operations in 2005. In July 2016, the Corporation acquired Lake National Bank, which operated two full-service branches in Mentor, Ohio, approximately 20 miles east of Cleveland, Ohio. The Bank continues to operate one of these branch locations within its ERIEBANK franchise, with the other location ceasing operations in August 2020. In January 2020, the Corporation established a loan production office ("LPO") in Cleveland, Ohio. This LPO operated within the ERIEBANK division as of December 31, 2021 and has subsequently closed. In conjunction with the closing of the LPO, the Corporation opened a full-service branch in Cleveland, Ohio. The Bank currently operates twelve full-service branch locations ~~within its ERIEBANK franchise~~, a division of the Bank, with its headquarters in Erie, Pennsylvania.

In October 2013, the Corporation acquired FC Banc Corp. and its subsidiary, ~~The~~ Farmers Citizens Bank. The Bank currently operates ~~six~~seven full-service branch locations as FCBank, a division of the Bank, with its headquarters in Worthington, Ohio.

In 2016, the Bank received regulatory approval to conduct business in the state of New York as BankOnBuffalo, a division of the Bank. In July 2020, the Corporation acquired Bank of Akron, with its branch locations operating with BankOnBuffalo. The Bank currently operates eleven branch locations, one mobile branch, one drive-up office, and one loan production office as BankOnBuffalo, a division of the Bank, with its headquarters in Buffalo, New York.

In 2021, the Bank received regulatory approval to conduct business in the state of Virginia as Ridge View Bank, a division of the Bank. The Bank currently operates two ~~LPOs~~full-serve branch locations and one LPO in Southwest Virginia.

In ~~early~~ 2023, the Bank ~~intends to launch~~launched Impressia Bank, a full-service banking division dedicated to the professional and financial development and advancement of women business owners and women leaders. This women-focused commercial bank ~~will operate~~operates within the existing geographic footprint of each of CNB Bank's other divisions and also ~~will have~~has an online presence.

The Bank had ~~47~~ two loan production offices, one drive-up office, one mobile office, and ~~51~~ full-service branch offices located in various communities in its market area at ~~December 31, 2022~~December 31, 2023. The Bank's CNB Bank franchise's primary market ~~area of areas are~~ the Pennsylvania counties of Blair, Cambria, ~~Cameron~~, Centre, Clearfield, Crawford, Elk, Indiana, Jefferson, and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie, and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake, and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie and Niagara. Ridge View Bank, a division of the Bank, operates in ~~Southwest, Virginia~~the Virginia counties of Botetourt, Craig, Franklin, and Roanoke. Impressia Bank, a division of the Bank, ~~will operate~~operates in the Bank's primary market areas.

The Bank is a full-service bank engaging in a full range of banking activities and services for individual, business, governmental and institutional customers. These activities and services principally include checking, savings, and time deposit accounts; real estate, commercial, industrial, residential and consumer loans; and a variety of other specialized financial services. The Bank's Private Client Solutions division offers a full range of client services, including private banking and wealth and asset management.

Holiday Financial Services Corporation

In 2005, the Corporation entered the consumer discount loan and finance business, which is conducted through Holiday, a wholly-owned ~~subsidiary~~subsidiary. Holiday currently has nine offices within the Corporation's market area.

Cybersecurity

Following a cybersecurity incident in the fourth quarter of 2020 that resulted in potential unauthorized access to personally identifiable information, the Corporation has continued to enhance its data security systems, technology platforms, employee education, and risk management processes in an effort to underpin its business strategy. Although the Corporation's core systems were not compromised and the Corporation has not experienced any material losses, the Corporation is committed to implementing strategies to prevent and/or mitigate future cyber attacks.

Federal regulators issued two statements regarding cybersecurity: (i) a statement indicating that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institutions; and (ii) a statement indicating the expectation of a financial institution's management to maintain a sufficient business continuity planning process to ensure rapid recovery, resumption, and maintenance of the financial institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to: (a) enable recovery of data and business operations, (b) address rebuilding network capabilities, and (c) restore data if the financial institution or any of its critical service providers fall victim to this type of cyber-attack. If the Corporation does not comply with this regulatory guidance, it could be subject to various regulatory sanctions, as well as financial penalties.

In November 2021, the federal bank regulatory agencies issued a final rule requiring banking organizations that experience a computer-security incident to notify certain entities. A computer-security incident occurs when actual or potential harm to the confidentiality, integrity or availability of information or the information system occurs, or there is a violation or imminent threat of a violation to banking security policies and procedures. The affected bank must notify its respective federal regulator of the computer-security incident that has occurred. These notifications are intended to promote early awareness of threats to banking organizations and will help banks react to those threats before they manifest into bigger incidents. This rule also requires bank service providers to notify their customers of a computer-security incident.

State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also recently implemented or modified their data breach notification and data privacy requirements. The Corporation expects this trend of state-level activity in those areas to continue, and continues to monitor developments in the states in which the Corporation's customers are located.

Competition

The financial services industry in the Corporation's service area continues to be extremely competitive, both among commercial banks and with other financial service providers such as consumer finance companies, thrifts, investment firms, mutual funds, and credit unions. The increased competition has resulted from changes in legal and regulatory guidelines as well as from economic conditions. Mortgage banking firms, leasing companies, financial affiliates of industrial companies, brokerage firms, retirement fund management firms, and even government agencies provide additional competition for loans and other financial services. Some of the financial service providers operating in the Corporation's market area operate on a large-scale regional or national basis and possess greater resources than those of the Corporation. The Corporation is generally competitive with all competing financial institutions in its service area with respect to interest rates paid on time and savings deposits, service charges on deposit accounts, and interest rates charged on loans.

Supervision and Regulation

The Corporation is a bank holding company that has elected financial holding company status, and the Bank is a Pennsylvania state-chartered bank that is not a member of the Federal Reserve System. Accordingly, the Corporation is subject to the oversight of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") and the Pennsylvania Department of Banking and is regulated under the BHC Act, and the Bank is subject to the oversight of the Pennsylvania Department of Banking and Federal Deposit Insurance Corporation ("FDIC"), as its primary federal regulator. The Corporation and the Bank are also subject to various requirements and restrictions under federal and state law, such as requirements to maintain reserves against deposits, restrictions on the types, amounts and terms and conditions of loans that may be granted, and limitations on the types of investments that may be made and the types of services that may be offered. Various consumer financial protection laws and regulations also affect the operation of the Bank and, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Consumer Financial Protection Bureau ("CFPB") is authorized to write additional rules on consumer financial products and services which could affect the operations of the Bank and Holiday. In addition to the impact of regulation, commercial banks are significantly affected by the actions of the Federal Reserve Board, including actions taken with respect to interest rates, as the Federal Reserve Board attempts to control the money supply and credit availability in the U.S. in order to influence the economy.

The following summary sets forth certain of the material elements of the regulatory framework applicable to bank holding companies and their subsidiaries and provides certain specific information about us and our subsidiaries. It does not describe all of the provisions of the statutes, regulations and policies that are identified. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by express reference to each of the particular statutory and regulatory provisions. A change in applicable statutes, regulations or regulatory policy may have a material effect on our business.

Bank Holding Company Regulation

As a bank holding company that controls a Pennsylvania state-chartered bank, the Corporation is subject to regulation and examination by the Pennsylvania Department of Banking and the Federal Reserve Board. We are required to file with the Federal Reserve Board an annual report and such additional information and submissions as the Federal Reserve Board may require pursuant to the BHC Act, and applicable regulations. For instance, the BHC Act requires each bank holding company to obtain the approval of the Federal Reserve Board before it may acquire substantially all the assets of any bank, or before it may acquire ownership or control of any voting shares of any bank if, after such acquisition, it would own or control, directly or indirectly, more than five percent of any class of voting shares of such bank. Such a transaction may also require approval of the Pennsylvania Department of Banking.

Pursuant to provisions of the BHC Act and regulations promulgated by the Federal Reserve Board thereunder, the Corporation may only engage in, or own companies that engage in, activities deemed by the Federal Reserve Board to be permissible for bank holding companies or financial holding companies. Activities permissible for bank holding companies include those that are so closely related to banking or managing or controlling banks as to be a proper incident thereto. Activities for financial holding companies include those that are "so closely related to banking as to be a proper incident thereto" as well as certain additional activities deemed "financial in nature or incidental to such financial activity" or complementary to a financial activity and that ~~does~~ do not pose a substantial risk to the safety and soundness of the ~~depository institution~~ banking organization or the financial system.

The Corporation must obtain permission from or provide notice to the Federal Reserve Board prior to engaging in most new business activities.

Regulation of CNB Bank

Federal and state banking laws and regulations govern, among other things, the scope of a bank's business, the investments a bank may make, the reserves against deposits a bank must maintain, the loans a bank makes and collateral it takes, the activities of a bank with respect to mergers and acquisitions, the establishment of branches, management practices, and numerous other aspects of banking operations.

Source of Strength Doctrine

Under Section 616 of the Dodd-Frank Act, a bank holding company is required to serve as a source of financial strength to its subsidiary banks and may not conduct its operations in an unsafe or unsound manner. In addition, it is the Federal Reserve Board's policy that ~~in serving a bank holding company must also serve~~ as a source of ~~financial and~~ managerial strength to its subsidiary banks, ~~and~~ and a bank holding company should stand ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity and should maintain the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered by the Federal Reserve Board to be an unsafe and unsound banking practice, a violation of the Federal Reserve Board regulations, or both. This doctrine is commonly known as the "source of strength" doctrine.

Identity Theft

The ~~Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission (together with the SEC, the "Commissions") jointly issued final rules and guidelines to require certain regulated entities to establish programs to address risks of identity theft. The rules and guidelines implement provisions of the Dodd-Frank Act. These provisions amend Section 615(e) of the Fair Credit Reporting Act and directed the Commissions to adopt rules requiring entities that are subject to the Commissions' jurisdiction to address identity theft in two ways. First, the rules require Act's Red Flags Rule requires financial institutions with covered accounts (e.g., consumer bank accounts and creditors loans) to develop, implement, and implement a written administer an identity theft prevention program. This program that is designed must include reasonable policies and procedures to detect prevent, and mitigate suspicious patterns or practices that indicate the possibility of identity theft, such as inconsistencies in connection with certain existing accounts personal information or the opening of new accounts. The rules include guidelines to assist entities changes in the formulation and maintenance of programs that would satisfy the requirements of the rules. Second, the rules establish special requirements for any credit and debit card issuers that are subject to the Commissions' jurisdiction to assess the validity of notifications of changes of address under certain circumstances. account activity.~~

Capital Adequacy

The Capital Rules adopted in 2013 by the Federal Reserve Board, the FDIC, and the Office of the Comptroller of the Currency ("OCC") generally implement the Basel Committee on Banking Supervision's capital framework, referred to as Basel III, for strengthening international capital standards. The Capital Rules revise the definitions and components of regulatory capital, increase risk-based capital requirements, and make selected changes to the calculation of risk-weighted assets. The risk-weighting categories in the Capital Rules are standardized and include a risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities to 600% for certain equity exposures, and resulting in higher risk weights for a variety of assets.

The Capital Rules, among other things:

- ~~revise minimum capital requirements~~ Rules: (i) include "Common Equity Tier 1" ("CET1") and adjust prompt corrective action thresholds;
- ~~revise the components of a related regulatory capital including adding a new minimum common equity ratio of CET1 to risk-weighted assets; (ii) specify that Tier 1 capital ratio consists of 4.5% of risk-weighted assets CET1 and increasing the minimum "Additional Tier 1 capital" instruments meeting certain revised requirements; (iii) mandate that most deductions/adjustments to regulatory capital ratio requirement from 4% measures be made to 6%;~~
- ~~retain the existing risk-based capital treatment for 1-4 family residential mortgage exposures;~~
- ~~permit most banking organizations to retain, through a one-time permanent election, the existing capital treatment for accumulated other comprehensive income;~~
- ~~implement the capital conservation buffer beginning January 1, 2016, which was phased in incrementally until it reached 2.5% of risk-weighted assets, in addition CET1 and not to the minimum common equity Tier 1, Tier 1 other components of capital; and (iv) expand the scope of the deductions from and adjustments to capital ratios, on January 1, 2019;~~
- ~~require a minimum leverage ratio of 4%;~~
- ~~require a total capital ratio of 8%;~~

- increase capital requirements for past-due loans, high volatility commercial real estate exposures, and certain short-term loan commitments;
- require the deduction of mortgage servicing assets and deferred tax assets that exceed 10% of common equity Tier 1 capital in each category and 15% of common equity Tier 1 capital in the aggregate; and
- remove references as compared to credit ratings consistent with the Dodd-Frank Act and establish due diligence requirements for securitization exposures.

Compliance with existing regulations. Under the Capital Rules, was required beginning January 1, 2015, for most banking organizations, including the Corporation, the most common form of Additional Tier 1 capital is non-cumulative perpetual preferred stock, and the most common forms of Tier 2 capital are subordinated notes and a portion of the allocation for allowance for credit losses, in each case, subject to the Capital Rules' specific requirements.

Pursuant to the Capital Rules, effective January 1, 2015, the minimum capital ratios are as follows:

- 4.5% CET1 to risk-weighted assets;
- 6.0% Tier 1 capital (that is, CET1 plus Additional Tier 1 capital) to risk-weighted assets;
- 8.0% Total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets; and
- 4.0% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (called "leverage ratio").

The Capital Rules also include a transition period for several aspects "capital conservation buffer," composed entirely of CET1, in addition to these minimum risk-weighted asset ratios (which are each of the final rules, including first three ratios described above, but not the new leverage ratio). The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions that do not hold the requisite capital conservation buffer will face constraints on dividends, capital instrument repurchases, interest payments on capital instruments and discretionary bonus payments based on the amount of the shortfall. Thus, the capital standards applicable to the Corporation include an additional capital conservation buffer of 2.5% of CET1, effectively resulting in minimum capital ratio requirements, ratios inclusive of the capital conservation buffer of (i) CET1 to risk-weighted assets of at least 7%, (ii) Tier 1 capital to risk-weighted assets of at least 8.5%, and the regulatory (iii) total capital adjustments and deductions, to risk-weighted assets of at least 10.5%.

The Corporation implemented the Capital Rules on January 1, 2015, provide for a number of deductions from and continues adjustments to exceed all estimated well-capitalized regulatory requirements on a fully phased-in basis.

CET1. These include, for example, the requirement that mortgage servicing assets, deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks, and significant investments in non-consolidated financial entities be deducted from CET1 above certain thresholds. In July 2019, the Office of the Comptroller of the Currency, OCC, the Federal Reserve Board and the FDIC adopted a final rule intended to simply simplify the Capital Rules described above for non-advanced approaches institutions rule institutions, including provisions related to these deductions and adjustments. Institutions were required to implement the provisions of the simplification rule by April 1, 2020.

The Capital Rules also permit most banking organizations to retain, through a one-time permanent election, the capital treatment that existed before the 2013 Capital Rules were issued for accumulated other comprehensive income. The Corporation made the one-time permanent election to retain the previous capital treatment for accumulated other comprehensive income.

The Capital Rules also preclude certain hybrid securities, such as trust preferred securities, from inclusion in bank holding companies' Tier 1 capital, although bank holding companies that had total consolidated assets of less than \$15 billion at December 31, 2009 may include trust preferred securities issued prior to May 19, 2010 as a component of Tier 1 capital.

In September 2019, the Office of the Comptroller of the Currency, OCC, the Federal Reserve Board and the FDIC adopted a final rule that is intended to further simplify the Capital Rules for depository institutions and their holding companies that have less than \$10 billion in total consolidated assets, such as us, if such institutions meet certain qualifying criteria. This final rule became effective on January 1, 2020. Under this final rule, if we meet the qualifying criteria, including having a leverage ratio (equal to Tier 1 capital divided by average total consolidated assets) of a certain size (greater than 9% beginning January 1, 2022), we will be eligible to opt into the community bank leverage ratio framework. If we opt into this framework, we will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the Capital Rules (as modified pursuant to the simplification rule) and will be considered to have met the well-capitalized ratio requirements for prompt corrective action purposes. To date, we have not opted in to this community bank leverage ratio framework.

Dividend Restrictions

The Corporation is a legal entity separate and distinct from the Bank. Declaration and payment of cash dividends by the Corporation depends upon cash dividend payments to the Corporation by the Bank, which is our primary source of revenue and cash flow. Accordingly, the right of the Corporation, and consequently the right of our creditors and shareholders, to participate in any distribution of the assets or earnings of any subsidiary is necessarily subject to the prior claims of creditors of the Bank, except to the extent that claims of the Corporation in its capacity as a creditor may be recognized.

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

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

Prompt Corrective Action and Safety and Soundness

Under applicable "prompt corrective action" ("PCA") statutes and regulations, depository institutions are placed into one of five capital categories, ranging from "well capitalized" to "critically undercapitalized." The PCA statute and regulations provide for progressively more stringent supervisory measures as an insured depository institution's capital category declines. An institution that is not well capitalized is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market. An undercapitalized depository institution must submit an acceptable restoration plan to the appropriate federal banking agency. One requisite element of such a plan is that the institution's parent holding company must guarantee compliance by the institution with the plan, subject to certain limitations.

At **December 31, 2022** **December 31, 2023**, the Bank qualified as "well capitalized" under applicable regulatory capital standards.

Bank holding companies and insured depository institutions may also be subject to potential enforcement actions of varying levels of severity by the federal banking agencies for unsafe or unsound practices in conducting their business, or for violation of any law, rule, regulation, condition imposed in writing by the agency, or term of a written agreement with the agency. In more serious cases, enforcement actions may include the issuance of directives to increase capital; the issuance of formal and informal agreements; the imposition of civil monetary penalties; the issuance of a cease and desist order that can be judicially enforced; the issuance of removal and prohibition orders against officers, directors, and other institution affiliated parties; the termination of the insured depository institution's deposit insurance; the appointment of a conservator or receiver for the insured depository institution; and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the FDIC, as receiver, would be harmed if such equitable relief was not granted.

Community Reinvestment Act

Under the Community Reinvestment Act of 1977 ("CRA"), the FDIC is required to assess the record of all financial institutions it supervises to determine if these institutions are meeting the credit needs of the community (including low and moderate income neighborhoods) which they serve. CRA performance evaluations are based on a four-tiered rating system: Outstanding, Satisfactory, Needs to Improve, and Substantial Noncompliance. CRA performance evaluations are considered in evaluating applications for such things as mergers, acquisitions, and applications to open branches. The Bank received a CRA rating of "Satisfactory" at its most recent CRA exam. **The FDIC, along with other federal bank regulators, published in October 2023 substantially updated regulations regarding CRA, which will become effective on April 1, 2024, with various phase-in periods.**

Restrictions on Transactions with Affiliates and Insiders

The Bank is subject to the restrictions of Sections 23A and 23B of the Federal Reserve Act and the implementing Regulation W. The Bank's "affiliates" for purposes of these sections include, among other potential entities, the Corporation and its direct subsidiaries. Section 23A requires that loans or extensions of credit by the Bank to an affiliate, purchases by the Bank of securities issued by an affiliate, purchases by the Bank of assets from an affiliate (except as may be exempted by order or regulation), the Bank's acceptance of securities or debt obligations issued by an affiliate as collateral for a loan or extension of the credit to a third party, the Bank's acceptance of a guarantee or letter of credit on behalf of an affiliate, a transaction with an affiliate involving the borrowing or lending of securities to the extent the transaction causes the Bank to have credit exposure to the affiliate, and a derivative transaction with an affiliate, to the extent the Bank will have credit exposure to the affiliate (collectively, "Covered Transactions") be on terms and conditions consistent with safe and sound banking practices. Section 23A also imposes **various qualitative and quantitative requirements** and restrictions on **the amount of Covered Transactions** and **imposes collateralization** and **other requirements** on **such certain of these** transactions. Section 23B requires that all Covered Transactions and certain other transactions, including the sale of securities or other assets by the Bank to an affiliate and the payment of money or the furnishing of services by the Bank to an affiliate, be on terms comparable to those prevailing for similar transactions with nonaffiliates.

The Bank is also subject to Sections 22(g) and 22(h) of the Federal Reserve Act, and the implementation of Regulation O issued by the Federal Reserve Board. These provisions impose limitations on loans and extensions of credit by the Bank to its and its affiliates' executive officers, directors and principal shareholders and their related interests. The limitations restrict the terms and aggregate amount of such transactions. Regulation O also imposes certain recordkeeping and reporting requirements.

Deposit Insurance and Premiums

The deposits of the Bank are insured up to applicable limits per insured depositor by the FDIC. The standard maximum deposit insurance amount is \$250,000 per depositor, per insured depository institution, per ownership category, in accordance with applicable FDIC regulations.

The FDIC uses a risk-based assessment system that imposes insurance premiums based on a risk matrix that takes into account the bank's capital level and supervisory rating. The base for insurance assessments is the average consolidated total assets less tangible equity capital of a financial institution. Assessment rates are calculated using formulas that

take into account the risk of the institution being assessed.

In November 2023, the FDIC announced a special assessment on all insured depository institutions with more than \$5 billion in total assets, including the Bank, in order to recover the loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. The FDIC adopted a final rule effective June 26, 2020, and applied special assessment will be collected beginning with the first quarterly assessment period of 2024. The assessment base for the special assessment is equal to an insured depository institution's ("IDI's") estimated uninsured deposits reported as of April 1, 2020 December 31, 2022, adjusted to mitigate exclude the effect on deposit insurance assessments first \$5 billion, applicable either to the IDI, if an IDI is not a subsidiary of a bank's participation in holding company, or at the Paycheck Protection Program, banking organization level, to the Paycheck Protection Program Liquidity Facility and the Money Market Mutual Fund Liquidity Facility in connection extent that an IDI is part of a holding company with the COVID-19 pandemic, one or more subsidiary IDIs.

Financial Privacy and Data Security

The Corporation is subject to federal laws, including the Gramm-Leach-Bliley Act, and certain state laws containing consumer privacy protection provisions. These provisions limit the ability of banks and other financial institutions to disclose nonpublic information about consumers to affiliated and non-affiliated third parties and limit the reuse of certain consumer information received from non-affiliated financial institutions. These provisions require notice of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain nonpublic personal information to affiliates or non-affiliated third parties by means of opt-out or opt-in authorizations.

The Gramm-Leach-Bliley Act requires that financial institutions implement comprehensive written information security programs that include administrative, technical, and physical safeguards to protect consumer information. Federal banking agencies have also adopted guidelines for establishing information security standards and programs to protect such information. Further, pursuant to interpretive guidance issued under the Gramm-Leach-Bliley Act and certain state laws, financial institutions are required to notify customers of security breaches that result in unauthorized access to their nonpublic personal information.

Incentive Compensation

The Dodd-Frank Act requires the federal banking agencies and the SEC Securities and Exchange Commission (the "SEC") to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities, including the Corporation and the Bank, with at least \$1 billion in total consolidated assets that encourage inappropriate risks by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits that could lead to material financial loss to the entity. The federal banking agencies and the SEC most recently proposed such regulations in 2016, but the 2016. The regulations have not yet been finalized, but it is expected that this rulemaking will be a priority in 2024. If the regulations are adopted in the form initially proposed or a similar form, they will restrict the manner in which executive compensation is structured.

The Dodd-Frank Act also requires publicly traded companies to give stockholders a non-binding vote on executive compensation at their first annual meeting taking place six months after the date of enactment and at least every three years thereafter and on so-called "golden parachute" payments in connection with approvals of mergers and acquisitions.

USA PATRIOT Act

Under Title III of the USA PATRIOT Act, all financial institutions are required to take certain measures to identify their customers, prevent money laundering, monitor customer transactions, and report suspicious activity to U.S. law enforcement agencies. Financial institutions also are required to respond to requests for information from federal banking agencies and law enforcement agencies. Information sharing among financial institutions for the above purposes is encouraged by an exemption granted to complying financial institutions from the privacy provisions of the Gramm-Leach-Bliley Act and other privacy laws. Financial institutions that hold correspondent accounts for foreign banks or provide private banking services to foreign individuals are required to take measures to avoid dealing with certain foreign individuals or entities, including foreign banks with profiles that raise money laundering concerns, and are prohibited from dealing with foreign "shell banks" and persons from jurisdictions of particular concern. The primary federal banking agencies and the Secretary of the Treasury have adopted regulations to implement several of these provisions. All financial institutions also are required to establish internal anti-money laundering programs. The effectiveness of a financial institution in combating money laundering activities is a factor to be considered in any application submitted by the financial institution under the Bank Merger Act. The Bank has in place a Bank Secrecy Act and USA PATRIOT Act compliance program and engages in very few transactions of any kind with foreign financial institutions or foreign persons.

Office of Foreign Assets Control Regulation

The United States government has imposed economic sanctions that affect transactions with designated foreign countries, nationals, and others. These are typically known as the "OFAC" rules based on their administration by the U.S. Treasury Department Office of Foreign Assets Control. The Office of Foreign Assets Control-administered sanctions targeting countries take many different forms. Generally, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on U.S. persons engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked

assets (property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a license from the Office of Foreign Assets Control. Failure to comply with these sanctions could have serious legal and reputational consequences.

Other Federal Laws and Regulations

State usury and other credit laws limit the amount of interest and various other charges collected or contracted by a bank on loans. The Bank is also subject to lending limits on loans to one borrower and regulatory guidance on concentrations of credit. The Bank's loans and other products and services are also subject to numerous federal and state consumer financial protection laws, including, but not limited to, the following:

- Truth-In-Lending Act, which governs disclosures of credit terms to consumer borrowers;
- Truth-in-Savings Act, which governs disclosures of the terms of deposit accounts to consumers;
- Home Mortgage Disclosure Act, requiring financial institutions to provide information to regulators to enable determinations as to whether financial institutions are fulfilling their obligations to meet the home lending needs of the communities they serve and not discriminating in their lending practices;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, sex or other prohibited factors in extending credit;
- Real Estate Settlement Procedures Act, which imposes requirements relating to real estate settlements, including requiring lenders to disclose certain information regarding the nature and cost of real estate settlement services;
- Fair Credit Reporting Act, covering numerous areas relating to certain types of consumer information and identity theft;
- Privacy provisions of the Gramm-Leach-Bliley Act and related regulations, which require that financial institutions provide privacy policies to consumers, to allow customers to "opt out" of certain sharing of their nonpublic personal information, and to safeguard sensitive and confidential customer information;
- Electronic Funds Transfer Act, which is a consumer protection law regarding electronic fund transfers; and
- Numerous other federal and state laws and regulations, including those related to consumer protection and bank operations.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") is applicable to all companies with equity securities registered or that file reports under the Securities Exchange Act of 1934, as amended, including publicly-held financial holding companies such as the Corporation. In particular, the Sarbanes-Oxley Act establishes: (i) requirements for audit committees, including independence, expertise, and responsibilities; (ii) additional responsibilities regarding financial statements for the Chief Executive Officer and Chief Financial Officer of the reporting company; (iii) standards for auditors and regulation of audits; (iv) increased disclosure and reporting obligations for the reporting company and its directors and executive officers; and (v) new and increased civil and criminal penalties for violations of the securities laws.

Governmental Policies

Our earnings are significantly affected by the monetary and fiscal policies of governmental authorities, including the Federal Reserve Board. Among the instruments of monetary policy used by the Federal Reserve Board to implement these objectives are open-market operations in U.S. Government securities and federal funds, changes in the discount rate on member bank borrowings and changes in reserve requirements against member bank deposits. These instruments of monetary policy are used in varying combinations to influence the overall level of bank loans, investments and deposits, and the interest rates charged on loans and paid for deposits. The Federal Reserve Board frequently uses these instruments of monetary policy, especially its open-market operations and the discount rate, to influence the level of interest rates and to affect the strength of the economy, the level of inflation or the price of the dollar in foreign exchange markets. The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of banking institutions in the past and are expected to continue to do so in the future. It is not possible to predict the nature of future changes in monetary and fiscal policies, or the effect which they may have on our business and earnings.

Other Legislative Initiatives

Proposals may be introduced in the United States Congress, in the Pennsylvania Legislature, and/or by various bank regulatory authorities that could alter the powers of, and restrictions on, different types of banking organizations and which could restructure part or all of the existing regulatory framework for banks, bank and financial holding companies and other providers of financial services. Moreover, other bills may be introduced in Congress which would further regulate, deregulate or restructure the financial services industry, including proposals to substantially reform the regulatory framework. It is not possible to predict whether any such proposals will be enacted into law or, even if enacted, what effect such action may have on our business and earnings.

Human Capital

As of December 31, 2022 December 31, 2023, the Corporation had a total of 759,801 employees, of which 722,765 were full time and 37,361 were part time.

The Corporation respects and values the responsibilities of the Corporation to be reasonably environmentally considerate, socially responsible including avoiding discrimination of any investors, customers, and promotes the realization of employees by promoting an increasing diversity increasingly diverse and inclusivity inclusive profile in our team of Board members and employees, and our customers, company, reflective of the communities we serve. The In addition to the above-described Board attributes, the Corporation emphasizes relevant governance and diversity and inclusion principles in strategic planning, human capital management and leadership development (which includes recruiting and retaining employees), and vendor management, as relationships with third parties represent critical connections to and extensions of the values and operating principles of the Corporation and Board.

Strategic Planning and Related Training

The Corporation has established a formal Strategic Plan, and the framework of the Strategic Plan establishes considers the core values and principles that principles of have been fundamental to the Corporation's long-term success. These attributes include respect, integrity, accountability, leadership, professionalism, collaboration, client-focused, innovation, inclusion, and diversity encompass and integrate with the other objectives of the Strategic Plan, including exceptional experiences, demonstrated leadership, adaptable technology, and long-term growth. volunteerism. In establishing these core values and principles as the foundation upon which all other strategic objectives are anchored, the Corporation seeks to further develop and sustain a diverse, equitable, and inclusive corporate culture with sensitivity to the entirety of the Corporation's business and demographic footprint and environment in which it operates. The differences among the Corporation's Board of Directors and employees, and its customers and community members, are respected and embraced to drive innovative products, services, and solutions that effectively meet the variety of needs among the Corporation's diverse group of stakeholders.

To ensure that the Environmental, Social, core values and Governance corporate responsibility principles are understood, implemented, and demonstrated by the Corporation's employee team on a sustained basis, the Corporation developed a comprehensive diversity, equity, and inclusion ("DE&I") communication processes and a training curriculum which was rolled out to all employees, including internal sessions delivered by establishing a committee focused on ensuring diversity, equity, and inclusion issues are considered in our employee activities. Our employee resources include a certified diversity and inclusion trainer, supplemented by relevant and external training sources. Employee experience committees were also formed in 2022 to explore and evaluate how various DE&I diversity, equity and inclusion ("DEI") topics impact our employees and how we can better address them. To The Corporation conducted a company-wide survey on DEI to monitor progress and solicit feedback, the Corporation conducted a company wide survey on DE&I. feedback. The results of this survey will be were utilized for developing to develop areas of focus for 2023. In 2023, the Corporation also plans to continue offering training to employees, including a module within the Corporation's training program for new managers, monthly lunch and learn events, and develop employee resource groups, which are employee-led groups whose aim is to foster a diverse, inclusive workplace aligned within the organization.

Inclusion Diversity, Equity and Diversity, Inclusion Committee

In support of its strategic diversity and inclusion efforts, and to ensure that the diverse perspectives of the entire Corporation's employee team is considered when developing and implementing its service and operating profile, the Corporation established a The Bank's Diversity, Equity and Inclusion Committee (the "Diversity Committee" ("DEI Committee") plays a crucial role in 2018, providing a platform for employee members from underrepresented groups and their allies to have their voices heard, promote education and availability of resources, ensure fair representation, and contribute ideas for consideration by the Bank's key decision-makers. The Diversity input to Senior Management from the DEI Committee, which generally meets monthly or more frequently as warranted, includes initiatives to address the unique challenges and opportunities faced by underrepresented groups. The DEI Committee reviews policies, practices, and procedures to identify and eliminate potentially discriminatory practices, potential bias, and inequality. The DEI Committee works toward promoting a culture of nondiscrimination and inclusion within the Bank, fostering a sense of belonging for employees from diverse backgrounds. In 2023, the Bank further demonstrated its continuing commitment to its organizational culture by establishing two employee resource groups ("ERGs") – "Bankers with Pride" and "CNB in Color". These ERGs provide a safe and inclusive space while fostering a culture that promotes diversity and acceptance. CNB in Color is comprised an ERG focused on supporting employees from Black, Indigenous, and People of over 10 employee members including underrepresented minorities, females, and those Color (BIPOC) communities, while Bankers with Pride is aimed at supporting employees who identify as LGBTQAI+, as well as two senior executive level members, with the following committee responsibilities LGBTQIA+ community. The ERGs supplement the efforts of the Bank's DEI Committee, helping to ensure representation, equity, and goals: fairness for all employees, irrespective of their gender, identity, racial or ethnic background. Currently, there are 58 employees involved in DEI initiatives with the Bank through the DEI Committee and ERGs.

- Encourage an inclusive and engaged workforce culture through communications and training;

- Demonstrate sustainability, commitment and accountability by tracking inclusion and diversity efforts bank wide;
- Bring awareness to the importance of inclusion and diversity internally and externally.

The Diversity Committee's meeting minutes, activities and recommendations are provided regularly to the Corporation's executive management team for consideration to promote the effective integration of diversity and inclusion principles into the respective facets of our business evaluated and addressed by the Diversity Committee.

Human Capital Management and Leadership Development

We seek The Corporation seeks to recognize the unique contribution each employee brings to the Corporation, and we are the Corporation is fully committed to supporting a workplace that understands, accepts and values the similarities and differences between individuals. The Corporation's key human capital management objectives are to recruit, hire, develop and promote a deeply experienced and diverse employee team, supplemented by similarly inclusive and diversity-focused third-party vendors, that collectively translate into a strong workforce committed to fostering, promoting, and preserving the entire spectrum of our communities and culture, while successfully executing our business strategies and demonstrating our corporate values. To support these objectives, the Corporation's Employee Experience processes and programs are designed and operated to:

- Attract and develop talented employees across the spectrum of professional experience, life experience, socio-economic background, gender, race, religion, skill set, and geographic representation;
- Prepare all members of our team for critical roles and leadership positions both now and the future, in serving as employees and valuable community members;

- Reward and support employees fairly and without discrimination based upon on successful performance and through competitive pay and benefit programs;
- Enhance the Corporation's culture through efforts to better understand, foster, promote, and preserve a culture of diversity and inclusion; and
- Evolve and invest in technology, tools, and resources to better support employees of varying skills and backgrounds at work.

Among the means we use the Corporation uses to monitor our its performance in employee diversity experience and inclusion management, we take the Corporation takes recurring management and employee demographic measurements and engagement surveys, and utilize the results to identify progress made, as well as areas in need of more attention, in improving the diversity, equity, and inclusion effectiveness of our its leadership development and workforce profile, and personnel management practices.

A critical measure is realizing increasing diversity in our the Corporation's senior leadership positions, as those members of the Corporation's management have greater ability to demonstrate their professional skills and experience, effectuate sustained change in the composition of our its team, and provide the expanded, Corporation with their important financial services expertise to ensure The Corporation benefits from the relevant involvement of all groups within the spectrum of our its workforce and communities. We are The Corporation is proud of the diversity we have it has achieved within the Corporation's senior leadership team, which is comprised of 1619 individuals, of which 50%58% are female or members of underrepresented minority groups.

Overall, the Corporation's Corporation's workforce is 67%66% female and 33%34% male, as reported by those who self-identified. In addition, 11%14% of the Corporation's Corporation's workforce self-identified as a member of an underrepresented minority group. The Corporation identifies its underrepresented minority groups include as those including individuals who self-identify as an ethnicity other than white, LGBTQAI+LGBTQ+, or are a military veteran, veteran or active military reservist.

As a result of broadening our the Corporation's recruitment efforts to increase the diversity of our its teams, for the year ended December 31, 2022 December 31, 2023, 4533 people out of 196167 total hires for the Corporation identified as being from an underrepresented group. The Corporation increased Corporation's efforts to identify qualified candidates from underrepresented minority group has allowed the percentage of underrepresented hires from 19.5% of total new hires in 2021 to 22.7% in 2022, allowing us Corporation to continue to improve our its overall diversity workforce profile, as our the Corporation's regional banks' workforce profiles banks' employee teams are moving towards better alignment with the overall demographics of their the respective communities, communities they serve.

Community Involvement and Social Impacts

The Corporation serves as a cornerstone institution of both financial support and community service in the markets in which we serve. We are The Corporation is committed to strengthening these communities through the active volunteering of our its employees.

The Corporation's Corporation's employees actively participate in their local communities through volunteer activities in education, economic development, human and health services, and community reinvestment. During 2022,2023, employees donated 15,31622,486 hours in support of more than 658 a thousand organizations, with 60%77% of employees actively participating. Additionally, there were approximately \$987,000\$1.1 million in donations to community organizations and events within the communities we serve. The Corporation serves. Notably, in 2023, the Corporation's Martin Luther King, Jr. "Take "Take the Day On" efforts resulted in 158 employees donating 503 hours of their time across the support of 30 community organizations and 249 volunteer hours recorded, communities the Corporation serves. Employees collected donations and delivered them to local organizations in need during this national day of service, which typically serves as a bank holiday.

Throughout its history, the Corporation has focused on strengthening the communities it serves. The Corporation accomplishes this by promoting economic development through investments in community-strengthening initiatives, such as affordable housing and revitalization efforts. As of December 31, 2023, the Corporation's investment in affordable housing totaled approximately \$8.2 million, with an additional investment commitment of approximately \$800 thousand, and \$2.5 million invested in the Erie Downtown Development Corporation, which is focused on revitalization efforts in downtown Erie, Pennsylvania.

The Corporation expanded its efforts surrounding its financial literacy outreach in 2022,2023, conducting five six Financial Reality Fairs in various regions throughout the footprint we serve. The fairs teach real-life budgeting skills to high school students, many of whom are in low-to-moderate income households, the Corporation serves. The fairs included seven eleven high schools and almost 1,0001,500 students. Eighty One hundred and sixteen employees donated over 8751,428 hours of volunteer time and leveraged partnerships with thirty thirty-one community organizations. Our The Corporation's employees and community volunteers not only shared their real-life knowledge of budgeting, but also provided additional financial education after the events. In addition to the fairs, employees participated in 120243 other financial literacy events ranging from basic community banking sessions to school presentations. A total Employees contributed 1,263 hours of 1,219 volunteer hours can be attributed their time to participate in the Corporation's financial literacy program. Further, the Corporation sponsored elementary and secondary banking curriculum materials donating \$30,155 approximately \$25 thousand to provide 8,6669,206 student workbooks, for students, along with teacher guides and complimentary digital programs. Additionally, the Corporation provided \$300,000\$400 thousand in Educational Improvement Tax Credit Program scholarships, and \$24,500 approximately \$24 thousand in academic scholarships in service to the communities in which we operate, it operates. New in 2023, the Corporation had the opportunity to educate its clients and employees on financial literacy topics during Financial Literacy Month through an interactive trivia contest and social media. Further, the Corporation offered a virtual summer financial literacy series, reaching each of its geographic markets on topics such as budgeting, credit, fraud, and basic investing. The Corporation also launched a virtual first-time home buyer series to teach the financial basics of buying your first home. All external sessions were made available to employees.

In 2022, the The Corporation focused continued to focus on increasing its outreach to those who have been traditionally underserved by the financial institution industry. Examples of some the Corporation's key recent initiatives are "unbanked" or "underbanked". Two examples of how outlined below.

Impressia Bank ("Impressia") launched in May 2023 and is the Corporation worked to address this social issue include the launch sixth bank division of the Stress Less account, Bank, and is dedicated to the Bank's first Bank On Certified account professional and opening a new fully mobile "BankOnWheels" to operate financial development and

advancement of women business owners and leaders. Impressia's digital-centric approach is complemented by regional relationship managers and support managers, as well as specialized services such as SBA and grant advisory services, treasury management, wealth management, and private banking. Impressia is headquartered out of Buffalo, New York, with direct representation in the Buffalo metro area. The national Corporation's market offices in Columbus and Cleveland, Ohio, and Erie and State College, Pennsylvania. As part of the CNB Bank On movement seeks to provide consumers safe and affordable family of banks, Impressia clients have access to more than 51 full-service offices throughout Pennsylvania, Ohio, New York, and Virginia. Built from the mainstream ground up by a Steering Committee of experts in financial system services and help connect unbanked entrepreneurship, a key element of Impressia's mission is to close the gender gap in funding support and underbanked people to these products. The Bank is committed to expanding banking full access to its communities banking services for women. Impressia provides clients with this innovative resources and redefines the banker/client relationship. Impressia's sophisticated suite of products and services helps women to navigate the complex landscape of business financing, which traditionally favored male entrepreneurs and often overlooked the unique circumstances and requirements of women-owned businesses. By empowering women in business, it is the goal of Impressia Bank On Certified account. Features to unleash a significant source of this account include a low minimum to open, checkless checking, a low monthly service charge, free access to eBanking, debit card access, untapped potential, fostering innovation, entrepreneurship, and no fees for overdraft or dormancy. economic stability in the process.

BankOnWheels, which opened began services in the fourth quarter of 2022, is an innovative new banking experience, making full-service banking accessible to more consumers and small businesses, particularly those in underserved communities, through a banking unit built on a mobile-home-like commercial trucking chassis. The first of its kind operated by any financial institution in Western New York, BankOnWheels is a full-service, yet fully mobile bank branch, which will enable the Bank to deliver essential banking services to communities with little or no access to such services today. The BankOnWheels will rotate rotates between three four locations in the cities of Buffalo and Niagara Falls, which are located in communities underserved by banks, with plans to serve additional areas in the future. banks.

Throughout its history, In May 2023, CNB Bank announced the Corporation has focused on strengthening launch of the communities it serves. We accomplish this by promoting economic development through investments in community-strengthening initiatives, such At-Ease Program, a customized suite of products and solutions designed specifically for veterans and active members of the armed forces and their families. The At-Ease program is a testament to the Bank's commitment to the men and women who have served and continue to serve. Designed to make banking easier and more convenient for those who have served, the At-Ease program includes a variety of benefits for veterans, members of the armed forces, and their families. These benefits include international transaction fees refunded, waived out-of-network ATM, currency exchange, and international statement fees, as affordable housing well as free cashier's checks and revitalization efforts. As of December 31, 2022, the Corporation's investment in affordable housing totaled approximately \$8.0 million, with an additional investment commitment of \$1.0 million money orders, and \$2.5 million invested in the Erie Downtown Development Corporation, which is focused on revitalization efforts in downtown Erie, Pennsylvania. mobile and online banking.

The Corporation is also committed to supporting women owned businesses. The Bank intends to launch Impressia Bank,

In February 2024, ERIEBANK, a division of the Bank, broke ground on a new community banking office and financial education center on Parade Street in the first quarter of 2023. Designed for women by women, Impressia Bank will be a full-service banking division Erie, Pennsylvania as part of the Bank dedicated ongoing revitalization effort led by Erie's East Side Renaissance organization. Once this new office is completed, ERIEBANK employees will bring financial education and accessible banking to the professional and financial development and advancement community in an ongoing effort to bring needed resources to the area. In support of women business owners and women leaders. Impressia Bank clients will have access to resources related to accelerating their business, developing appropriate business strategies, and establishing this endeavor, ERIEBANK has formed a community advisory committee, comprised of women local stakeholders who support one another. are working in partnership with ERIEBANK to ensure that the financial and educational needs of the community are being met.

Available Information

The Corporation makes available free of charge on its website (www.cnbbank.bank) its Annual Report on Form 10-K, its quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as practicable after it electronically files such material with, or furnishes it to, the Securities and Exchange Commission, the SEC. Information on the Corporation's website is not incorporated by reference into this report.

Shareholders may obtain a copy of the Corporation's Annual Report on Form 10-K free of charge by writing to: CNB Financial Corporation, 1 South Second Street, PO Box 42, Clearfield, PA 16830, Attn: Shareholder Relations.

The SEC maintains an internet site that contains reports, proxy statements and other information about electronic filers such as the Corporation. The site is available at <http://www.sec.gov>.

ITEM 1A. RISK FACTORS

The Corporation's financial condition and results of operations are subject to various risks inherent in its business. The material risks and uncertainties that management believes affect the Corporation are described below. If any of these risks actually occur, the Corporation's business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected. The following risks together with all of the other information in this Annual Report on Form 10-K should be considered.

Economic Risks

Economic conditions could adversely affect our business and financial results.

The Corporation's financial condition and results of operations are impacted by global markets and economic conditions over which the Corporation has no control. Inflation has significantly increased since the start of 2021 and continues to remain at elevated levels compared to recent years prior to 2021, which has led to increased costs for businesses and consumers. An economic downturn or recession, including deterioration in the economic conditions in the U.S., or a slowing or stalled recovery therefrom, may have a material adverse effect on our business, financial condition or results of operations. Poor economic conditions have in the past adversely affected, and may in the future affect, the demand for the Corporation's products, the creditworthiness of the Corporation's borrowers and the value of the Corporation's investment securities and other interest-earning assets. In particular, the Corporation may face the following risks in connection with the economic or market environment:

- The Corporation's and the Bank's ability to borrow from other financial institutions or to access the debt or equity capital markets on favorable terms or at all could be adversely affected by disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations.
- The Corporation faces increased regulation of the banking and financial services industry. Compliance with such regulation may increase its costs and limit its ability to pursue business opportunities.
- Market developments may affect customer confidence levels and may cause increases in loan delinquencies and default rates, which management expects would adversely impact the Bank's charge-offs and provision for credit losses.
- Market developments may adversely affect the Bank's securities portfolio by causing other-than-temporary-impairments, prompting write-downs and securities losses.
- Competition in the banking and financial services industry could intensify as a result of the consolidation of financial services companies in connection with current market conditions.

The Corporation may not be able to meet its cash flow needs on a timely basis at a reasonable cost, and the Corporation's cost of funds for banking operations may significantly increase as a result of general economic conditions, interest rates and competitive pressures.

Liquidity is the ability to meet cash flow obligations as they come due and cash flow needs on a timely basis and at a reasonable cost. The liquidity of the Bank is used to make loans and to repay deposit and borrowing liabilities as they become due, or are demanded by customers and creditors. Many factors affect the Bank's ability to meet liquidity needs, including variations in the markets served by its network of offices, its mix of assets and liabilities, reputation and standing in the marketplace, and general economic conditions.

The Bank's primary source of funding is customer deposits, gathered throughout its network of banking offices. Periodically, the Corporation utilizes term borrowings from the Federal Home Loan Bank (the "FHLB") of Pittsburgh, of which the Bank is a member, and other lenders to meet funding obligations. In addition, the Bank also maintains borrowing capacity with the Federal Reserve Bank of Philadelphia. The Bank's securities and loan portfolios provide a source of contingent liquidity that could be accessed in a reasonable time period through sales.

Significant changes in general economic conditions, market interest rates, competitive pressures or otherwise, could cause the Bank's deposits to decrease relative to overall banking operations, and it would have to rely more heavily on brokered funds and borrowings in the future, which are typically more expensive than deposits.

Management The Corporation's management and the Corporation's Board of Directors, through the Asset-Liability Committee ("the ALCO" (the "ALCO")), monitor liquidity and the ALCO establishes and monitors acceptable liquidity ranges. The Bank actively manages its liquidity position through target ratios. Continual monitoring of these ratios, both historical and through forecasts under multiple rate scenarios, allows the Bank to employ strategies necessary to maintain adequate liquidity.

Changes in economic conditions, including consumer savings habits and availability of or access to capital, could potentially have a significant impact on the Bank's liquidity position, which in turn could materially impact the Corporation's financial condition, results of operations and cash flows.

Credit and Interest Rate Risks

The Bank's allowance for credit losses may not be adequate to cover loan losses which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

A significant source of risk for the Corporation arises from the possibility that losses will be sustained because borrowers, guarantors and related parties may fail to perform in accordance with the terms of their loan agreements. Most loans originated by the Bank are secured, but some loans are unsecured based upon management's evaluation of the creditworthiness of the borrowers. With respect to secured loans, the collateral securing the repayment of these loans principally includes a wide variety of real estate, and to a lesser extent commercial and personal property, either of which may be insufficient to cover the obligations owed under such loans.

Collateral values and the financial performance of borrowers may be adversely affected by changes in prevailing economic, environmental and other conditions, including declines in the value of real estate, changes in interest rates and debt service levels, changes in oil and gas prices, changes in monetary and fiscal policies of the federal government, widespread disease, terrorist activity, environmental contamination and other external events, which are beyond the control of the Bank. In addition, collateral appraisals that are out of date or that do not meet industry recognized standards might create the impression that a loan is adequately collateralized when in fact it is not. Although the Bank may acquire any real estate or other assets that secure defaulted loans through foreclosures or other similar remedies, the amounts owed under the defaulted loans may exceed the value of the assets acquired.

The allowance for credit losses is subject to a formal analysis by the Credit Administration and Finance Departments of the Corporation. Following the issuance by the Financial Accounting Standards Board ("FASB") of Accounting Standards Update ("ASU") 2016-13, "Measurement of Credit Losses on Financial Instruments," the Corporation adjusted its loan allowance methodology to reflect the new standard, which requires periodic estimates of lifetime expected credit losses on financial assets and categorizes expected credit losses as allowances for credit losses under the current expected credit loss ("CECL") methodology. The Corporation measures expected credit losses of financial assets on a collective (pool) basis, when the financial assets share similar risk characteristics. Depending on the nature of the pool of financial assets with similar risk characteristics, the models utilized by the Corporation to estimate expected credit losses include a discounted cash flow ("DCF") model that discounts instrument-level contractual cash flows, adjusted for prepayments and curtailments, incorporating loss expectations, and a weighted average remaining maturity ("WARM") model which contemplates expected losses at a pool-level, utilizing historic loss information. The Corporation's models for estimating the allowance for credit losses consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts.

The Bank monitors delinquencies and losses on a monthly basis. The Bank has adopted underwriting and credit monitoring policies and procedures, including the review of borrower financial statements and collateral appraisals, which management believes are appropriate to mitigate the risk of loss by assessing the likelihood of borrower nonperformance and the value of available collateral. The Bank also manages credit risk by diversifying its loan portfolio. An ongoing independent review, subsequent to management's review, of individual credits is performed by an independent loan review function, which reports to the Loan Committee of the Corporation's Board of Directors.

The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires the Corporation to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Although management believes that the processes in place for assessing the appropriate level of the allowance for credit losses are robust, such policies and procedures have limitations, including judgment errors in management's risk analysis, and may not prevent unexpected losses in the future. Moreover, the CECL methodology may create more volatility in the level of our allowance for credit losses from quarter to quarter as changes in the level of allowance for credit losses will be dependent upon, among other things, macroeconomic forecasts and conditions, loan portfolio volumes and credit quality. These factors could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Interest rate volatility could significantly reduce the Corporation's profitability.

The Corporation's earnings largely depend on the relationship between the yield on its earning assets, primarily loans and investment securities, and the cost of funds, primarily deposits and borrowings. This relationship, commonly known as the net interest margin, is susceptible to significant fluctuation and is affected by economic and competitive factors that influence the yields and rates, and the volume and mix of the Bank's interest earning assets and interest bearing liabilities.

Interest rate risk can be defined as the sensitivity of net interest income and of the market value of financial instruments to the direction and frequency of changes in interest rates. Interest rate risk arises from the imbalance in the re-pricing, maturity, and/or cash flow characteristics of assets and liabilities. The Corporation is subject to interest rate risk to the degree that its interest bearing liabilities re-price or mature more slowly or more rapidly or on a different basis than its interest earning assets. Changes in interest rates, including those due to federal monetary policy, will affect the levels of income and expense recorded on a large portion of the Bank's assets and liabilities, and fluctuations in interest rates will impact the market value of all interest sensitive assets. Significant fluctuations in interest rates could have a material adverse impact on the Corporation's business, financial condition, results of operations, or liquidity.

In response to high inflation, the Federal Reserve significantly increased the benchmark federal funds rate **during 2022 and has signaled its intention to continue with additional increases in 2023, since early 2022.** These actions have significantly increased interest rates. As interest rates rise, we experience competitive pressures to increase the rates we pay on deposits, which may decrease our net interest income. Furthermore, these increases in interest rates increase our cost of new debt or preferred capital.

The Bank's interest rate risk measurement and management techniques incorporate the re-pricing and cash flow attributes of its balance sheet and off-balance sheet instruments as they relate to current and potential changes in interest rates. The level of interest rate risk, measured in terms of the potential future effect on earnings, is determined through the use of static gap analysis and earnings simulation modeling under multiple interest rate scenarios. Management's objectives are to measure, monitor, and develop strategies in response to the interest rate risk profile inherent in the Bank's balance sheet in order to preserve the sensitivity of net interest income to actual or potential changes in interest rates. For further information on risk relating to interest rates, refer to Part I, Item 7a, "Quantitative and Qualitative Disclosures about Market Risk," herein.

The Corporation's investment securities portfolio is subject to credit risk, market risk, and liquidity risk, and declines in value in its investment securities portfolio may require it to record impairment charges that could have a material adverse effect on its results of operations and financial condition.

The Corporation's investment securities portfolio has risks beyond its control that can significantly influence the portfolio's fair value. These factors include, but are not limited to, changes in interest rates, changes in prepayment speeds, changes in general economic conditions, rating agency downgrades of the securities, defaults of the issuers of the securities, lack of and market pricing of the securities, and continued instability in the credit markets. Recent lack of market activity with respect to certain of the securities has, in certain circumstances, required the Corporation to base its fair market valuation on unobservable inputs. The Corporation has engaged valuation experts to price these certain securities using proprietary models, which incorporate assumptions that market participants would use in pricing the securities, including bid/ask spreads and liquidity and credit premiums, liquidity. Any change in current accounting principles or interpretations of these principles could impact the Corporation's assessment of fair value and thus its determination of other-than-temporary impairment of the securities in its investment securities portfolio.

The Bank may be required to record other-than-temporary impairment charges on its investment securities if they suffer declines in value that are considered other-than-temporary. Numerous factors, including collateral deterioration underlying certain private label mortgage-backed securities, lack of liquidity for re-sales of certain investment securities, absence of reliable pricing information for certain investment securities, adverse changes in business climate, adverse actions by regulators, or unanticipated changes in the competitive environment could negatively affect the Bank's securities portfolio in future periods. An other-than-temporary impairment charge could have a material adverse effect on the Corporation's results of operations and financial condition.

A substantial decline in the value of the Bank's FHLB common stock may adversely affect the Corporation's results of operations, liquidity and financial condition.

As a requirement of membership in the FHLB of Pittsburgh, the Bank must own a minimum required amount of FHLB stock, calculated periodically based primarily on its level of borrowings from the FHLB. Borrowings from the FHLB represent the Bank's primary source of short-term and long-term wholesale funding.

In an extreme situation, it is possible that the capitalization of an FHLB, including the FHLB of Pittsburgh, could be substantially diminished or reduced to zero. Consequently, given that there is no trading market for the Bank's FHLB common stock, the Corporation's management believes that there is a risk that the Corporation's investment could be deemed impaired at some time in the future. If this occurs, it may adversely affect the Corporation's results of operations and financial condition.

If the capitalization of the FHLB of Pittsburgh is substantially diminished, the Bank's liquidity may be adversely impacted if it is not able to obtain alternative sources of funding.

There are 11 FHLB banks, including the FHLB of Pittsburgh, in the FHLB system. The 11 FHLB banks are jointly liable for the consolidated obligations of the FHLB system. To the extent that one FHLB bank cannot meet its obligations to pay its share of the system's debt, other FHLB banks can be called upon to make the payment. The Corporation cannot assure you, however, that the FHLB system will be able to meet these obligations.

The Bank could be held responsible for environmental liabilities relating to properties acquired through foreclosure, resulting in significant financial loss.

In the event the Bank forecloses on a defaulted commercial or residential mortgage loan to recover its investment, it may be subject to environmental liabilities in connection with the underlying real property, which could significantly exceed the value of the real property. Although the Bank exercises due diligence to discover potential environmental liabilities prior to acquiring any property through foreclosure, hazardous substances or wastes, contaminants, pollutants, or their sources may be discovered on properties during its ownership or after a sale to a third party. The Corporation cannot assure you that the Bank would not incur full recourse liability for the entire cost of any removal and cleanup on an acquired property, that the cost of removal and cleanup would not exceed the value of the property, or that the Bank could recover any of the costs from any third party. Losses arising from environmental liabilities could have a material adverse impact on the Corporation's business, financial condition, results of operations, or liquidity.

Replacement of the LIBOR benchmark interest rate could adversely affect our business, financial condition, and results of operations.

In 2017, March 2021, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates and the Intercontinental Exchange Benchmark Administration, the administrator for the London Interbank Offered Rate ("LIBOR" ("LIBOR")), concurrently announced that certain settings of LIBOR would no longer be published on a representative basis after December 31, 2021, and the FCA intends to stop persuading or compelling banks to submit the rates required to calculate most commonly used U.S. dollar LIBOR settings would no longer be published on a representative basis after 2021. As a result, the June 30, 2023. The Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to LIBOR in derivatives and other financial contracts. The U.S. bank regulators issued a Statement on LIBOR Transition on November 30, 2020 encouraging banks to transition away from U.S. Dollar (USD) LIBOR as soon as practicable and in any event by December 31, 2021 for new contracts. LIBOR is currently anticipated to be fully phased out by June 30, 2023. We are not able to predict with certainty when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If such an increase or decrease were to occur, our interest payments that are higher or lower than if LIBOR were to remain available in its current form.

We have a number of loans, derivative contracts, borrowings, and other financial instruments with attributes that are either directly or indirectly dependent on LIBOR. The With the transition from LIBOR or any changes or reforms to SOFR as the determination or supervision of preferred alternative to LIBOR, could we have an adverse impact on transitioned and amended our contracts and financial instruments to reference the market for or value of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us, could create considerable costs and additional risk and could have an adverse impact on our overall financial condition or results of operations. SOFR rate where required. Since proposed alternative rates (including SOFR) are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. The future performance of SOFR, including how changes in SOFR rates may differ from other rates during different economic conditions, cannot be predicted based on the limited historical performance. Further, we cannot predict how SOFR will perform in comparison to LIBOR in changing market conditions, what the effect of such rate's implementation may be on the markets for floating-rate financial instruments or whether such rates will be vulnerable to manipulation. The transition will change our market risk profiles, requiring changes to risk and pricing models, valuation tools, product design, and hedging strategies. Furthermore, failure to adequately manage this transition process with our customers could adversely impact our reputation. Although we are currently unable to assess what the ultimate impact of the transition from LIBOR will be, failure to adequately manage the transition reputation and could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to an Investment in the Corporation's Securities

Some provisions contained in the Corporation's articles of incorporation and its bylaws and under Pennsylvania law could deter a takeover attempt or delay changes in control or management of the Corporation.

Certain anti-takeover provisions of the Pennsylvania Business Corporation Law of 1988, as amended, apply to Pennsylvania registered corporations (e.g., publicly traded companies) including, but not limited to, those relating to (1) control share acquisitions, (2) disgorgement of profits by certain controlling persons, (3) business combination transactions with interested shareholders, and (4) the rights of shareholders to demand fair value for their stock following a control transaction. Pennsylvania law permits corporations to opt-out of these anti-takeover provisions, but the Corporation has not done so. Such provisions could have the effect of deterring takeovers or delaying changes in control or management of the Corporation. Additionally, such provisions could limit the price that some investors might be willing to pay in the future for shares of the Corporation's common stock.

For example, the Corporation's amended and restated articles of incorporation require the affirmative vote of 66% of the outstanding shares entitled to vote to effect a business combination. In addition, the Corporation's amended and restated articles of incorporation, subject to the limitations prescribed in such articles and subject to limitations prescribed by Pennsylvania law, authorize the Corporation's Board of Directors, from time to time by resolution and without further shareholder action, to provide for the issuance of shares of preferred stock, in one or more series, and to fix the designation, powers, preferences and other rights of the shares and to fix the qualifications, limitations and restrictions thereof. As a result of its broad discretion with respect to the creation and issuance of preferred stock without shareholder approval, the Corporation's Board of Directors could adversely affect the voting power and other rights of the holders of common stock and, by issuing shares of preferred stock with certain voting, conversion and/or redemption rights, could discourage any attempt to obtain control of the Corporation.

The Corporation's bylaws, as amended and restated, provide for the division of the Corporation's Board of Directors into three classes of directors, with each serving staggered terms. In addition, any amendment to the Corporation's bylaws must be approved by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon and, if any shareholders are entitled to vote thereon as a class, upon receiving the affirmative vote of a majority of the votes cast by the shareholders entitled to vote as a class.

Any of the foregoing provisions may have the effect of deterring takeovers or delaying changes in control or management of the Corporation.

The price of the Corporation's common stock may fluctuate significantly, and this may make it difficult for you to resell shares of common stock owned by you at times or at prices you find attractive.

The price of the Corporation's common stock on the Global Select Market of The NASDAQ Stock Market LLC ("NASDAQ") constantly changes. The Corporation expects that the market price of its common stock will continue to fluctuate, and the Corporation cannot give you any assurances regarding any trends in the market prices for its common stock.

The Corporation's stock price may fluctuate as a result of a variety of factors, many of which are beyond its control. These factors include the Corporation's:

- past and future dividend practice;
- financial condition, performance, creditworthiness, and prospects;
- quarterly variations in the Corporation's operating results or the quality of the Corporation's assets;

- operating results that vary from the expectations of management, securities analysts, and investors;
- changes in expectations as to the Corporation's future financial performance;
- announcements of innovations, new products, strategic developments, significant contracts, acquisitions, and other material events by the Corporation or its competitors;
- the operating and securities price performance of other companies that investors believe are comparable to the Corporation;
- future sales of the Corporation's equity or equity-related securities;
- the credit, mortgage and housing markets, the markets for securities relating to mortgages or housing, and developments with respect to financial institutions generally; and
- instability in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity or real estate valuations or volatility, budget deficits or sovereign debt level concerns and other geopolitical, regulatory or judicial events.

The Corporation's ability to pay dividends is limited by law and regulations.

The future declaration of dividends by the Corporation's Board of Directors will depend on a number of factors, including capital requirements, regulatory limitations, the Corporation's operating results and financial condition and general economic conditions. As a bank holding company, the Corporation's principal assets and sources of income are derived from the Bank and, as a result, the Corporation's ability to pay dividends depends primarily on the receipt of dividends from the Bank. Dividend payments from the Bank are subject to legal and regulatory limitations, generally based on retained earnings, imposed by bank regulatory agencies. The ability of the Bank to pay dividends is also subject to financial condition, regulatory capital requirements, capital expenditures, and other cash flow requirements. The Corporation cannot assure you that the Bank will be able to pay dividends to the Corporation in the future. If the Corporation were unable to receive dividends from the Bank, it would materially and adversely affect the Corporation's liquidity and its ability to service its debt, pay its other obligations, or pay cash dividends on its common stock. The Corporation may decide to limit the payment of dividends to its stockholders even when the Corporation has the legal ability to pay them in order to retain earnings for use in the Corporation's business.

Operational and Strategic Risks

The Bank's loans are principally concentrated in certain areas of Pennsylvania, Ohio, New York and Virginia, and adverse economic conditions in those markets could adversely affect the Corporation's business, financial condition and results of operations.

The Corporation's success is dependent to a significant extent upon general economic conditions in the United States and, in particular, the local economies in Central and Northwest Pennsylvania, Central and Northeast Ohio, Western New York and Southwest Virginia - the primary markets served by the Bank. The Bank is particularly exposed to real estate and economic factors in these geographic areas, as most of its loan portfolio is concentrated among borrowers in these markets. Furthermore, because a substantial portion of the Bank's loan portfolio is secured by real estate in these areas, the value of the associated collateral is also subject to regional real estate market conditions.

The Bank is not immune to negative consequences arising from overall economic weakness and, in particular, a sharp downturn in the local real estate markets served by the Bank. While the Bank's loan portfolio has not shown significant signs of credit quality deterioration despite continued challenges in the U.S. economy, we cannot assure you that no deterioration will occur. An economic recession in the markets served by the Bank, and the nation as a whole, could negatively impact household and corporate incomes. This impact could lead to decreased loan demand and increase the number of borrowers who fail to pay the Bank interest or principal on their loans, and accordingly, could have a material adverse effect on the Corporation's business, financial condition, results of operations, or liquidity.

Severe weather, flooding and other effects of climate change and other natural disasters, such as earthquakes, could adversely affect our financial condition, results of operations or liquidity.

Our branch locations and our customers' properties may be adversely impacted by flooding, wildfires, prolonged periods of extreme temperature, high winds and other effects of severe weather conditions that may be caused or exacerbated by climate change. These events can force property closures, result in property damage and/or result in delays in expansion, development or renovation of our properties and those of our customers. Even if these events do not directly impact our properties or our customers' properties, they may impact us and our customers through increased insurance, energy or other costs. In addition, changes in laws or regulations, including federal, state or city laws, relating to climate change could result in increased capital expenditures to improve the energy efficiency of our branch locations and/or our customers' properties. We also face investor-related climate risks. Investors are increasingly taking into account environmental, social, and governance factors, including climate risks, in determining whether to invest in companies. Our reputation and investor relationships could be damaged as a result of our involvement with activities perceived to be causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change.

The preparation of the Corporation's financial statements requires the use of estimates that could significantly vary from actual results, which could have a material adverse effect on the Corporation's business, financial condition, results of operations, or liquidity.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make significant estimates that affect the financial statements. For example, one of these significant estimates is the allowance for credit losses. Due to the inherent nature of estimates, the Corporation cannot provide absolute assurance that it will not significantly increase the allowance for credit losses and/or sustain credit losses that are significantly higher than the provided allowance, which could have a material adverse effect on the Corporation's business, financial condition, results of operations or liquidity.

The Corporation's financial results may be subject to the impact of changes in accounting standards or interpretation in new or existing standards.

From time to time the Financial Accounting Standards Board ("FASB"), and the SEC change accounting regulations and reporting standards that govern the preparation of the Corporation's financial statements. In addition, the FASB, SEC, and bank regulators may revise their previous interpretations regarding existing accounting regulations and the application of these accounting standards. These revisions in their interpretations are out of the Corporation's control and may have a material impact on its financial statements.

The Corporation depends on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We also rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to clients, we may assume that a customer's audited financial statements conform to GAAP U.S. generally accepted accounting principles ("GAAP") and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our earnings are significantly affected by our ability to properly originate, underwrite and service loans. Our financial condition, results of operations and capital could be negatively impacted to the extent we incorrectly assess the creditworthiness of our borrowers, fail to detect or respond to deterioration in asset quality in a timely manner, or rely on financial statements that do not comply with GAAP or are materially misleading.

The risks presented by acquisitions could adversely affect our financial condition and results of operations.

Any acquisitions will be accompanied by the risks commonly encountered in acquisitions including, among other things: our ability to realize anticipated cost savings and avoid unanticipated costs relating to the merger, the difficulty of integrating operations and personnel, the potential disruption of our or the acquired company's ongoing business, the inability of our management to maximize our financial and strategic position, the inability to maintain uniform standards, controls, procedures and policies, and the impairment of relationships with the acquired company's employees and customers as a result of changes in ownership and management. These risks may prevent the Corporation from fully realizing the anticipated benefits of an acquisition or cause the realization of such benefits to take longer than expected.

Strong competition within the Corporation's markets and technological change may have a material adverse impact on its profitability.

The Corporation competes with an ever-increasing array of financial service providers. As noted above, as a financial holding company and state-chartered financial institution, respectively, the Corporation and the Bank are subject to extensive regulation and supervision, including, in many cases, regulations that limit the type and scope of activities. The non-bank financial service providers that compete with the Corporation and the Bank may not be subject to such extensive regulation, supervision, and tax burden. Competition from nationwide banks, as well as local institutions, is strong in the Corporation's markets.

The financial services industry is undergoing rapid technological change and technological advances are likely to intensify competition. In addition to improving customer services, effective use of technology increases efficiency and enables financial institutions to reduce costs. Accordingly, the Corporation's future success will depend in part on its ability to address customer needs by using technology. The Corporation cannot assure you that it will be able to successfully take advantage of technological changes or advances or develop and market new technology driven products and services to its customers. Failure to keep pace with technological change affecting the financial services industry could have a material adverse effect on the Corporation's financial condition, results of operations, or liquidity.

Many regional, national, and international competitors have far greater assets and capitalization than the Corporation has and greater resources to invest in technology and access to capital markets and can consequently offer a broader array of financial services than the Corporation can. We cannot assure you that we will continue to be able to compete effectively with other financial institutions in the future. Developments increasing the nature or level of competition could have a material adverse effect on the Corporation's business, financial condition, results of operations, or liquidity. For further information on competition, refer to Part I, Item 1, "Competition," herein.

The unsoundness soundness of other financial institutions with which the Corporation does business could adversely affect the Corporation's business, financial condition or results of operations.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial institutions are interrelated as a result of trading, clearing, counterparty, investment or other relationships. The Corporation routinely executes transactions with counterparties in the financial services industry such as commercial banks, brokers and dealers, investment banks and other institutional clients for a range of transactions including loan participations, derivatives, and hedging transactions. In addition, the Corporation invests in securities or loans originated or issued by financial institutions or supported by the loans they originate. As a result, defaults by, or even rumors or questions about, one or more financial institutions, or the financial industry generally, have led to, or could in the future lead to, market-wide liquidity problems and could lead to losses or defaults by us or other institutions. Many of these transactions expose the Corporation to credit or investment risk in the event of default by the Corporation's counterparty. In addition, the Corporation's credit risk may be exacerbated if the collateral it holds cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or other exposure to the Corporation. The Corporation could incur losses to its securities portfolio as a result of these issues. These types of losses may have a material adverse effect on the Corporation's business, financial condition or results of operation.

The Corporation's operations may be adversely affected if its external vendors do not perform as expected or if its access to third-party services is interrupted.

The Corporation relies on certain external vendors to provide products and services necessary to maintain the day-to-day operations of the Corporation. Some of the products and services provided by vendors include key components of our business infrastructure including data processing and storage and internet connections and network access, among other products and services. Accordingly, the Corporation's operations are exposed to the risk that these vendors will not perform in accordance with the contracted arrangements or under service level agreements. The failure of an external vendor to perform in accordance with the contracted arrangements or under service level agreements, because of changes in the vendor's organizational structure, financial condition, support for existing products and services or strategic focus or for any other reason, could disrupt the Corporation's operations. If we are unable to find alternative sources for our vendors' services and products quickly and cost-effectively, the failures of our vendors could have a material adverse impact on the Corporation's business and, in turn, the Corporation's financial condition and results of operations.

Additionally, our information technology and telecommunications systems interface with and depend on third-party systems, and we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If sustained or repeated, a system failure or service denial could result in a deterioration of our ability to process new and renewal loans, gather deposits and provide customer service, compromise our ability to operate effectively, damage our reputation, result in a loss of customer business and subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

A failure in or breach of the Corporation's or any of its subsidiaries' operational or security information technology network and systems, or infrastructure, or those of third party vendors and other service providers, including as a result of cyber attacks, could disrupt the Corporation's or any of its subsidiaries' businesses, result in the unauthorized disclosure or misuse of confidential or proprietary information, damage its reputation, increase its costs, or cause losses.

The Corporation, primarily through the Bank, depends on its ability information technology networks and systems to continuously process, record and monitor a large number of customer transactions. The Corporation also collects transactions and processes regulated to process, transmit and store proprietary and confidential information, including personal data information of employees and customers, and as such, public and regulatory expectations regarding operational and information security have increased over time. customers. Accordingly, its the Corporation's and its subsidiaries' operational information technology networks and systems and infrastructure must continue to be safeguarded and monitored for potential failures, vulnerabilities, disruptions and breakdowns. We face cybersecurity threats, including system, network or internet failures, cyber-attacks, ransomware and other malware, social engineering, phishing schemes and workforce member error, negligence, or fraud. Although the Corporation has business continuity plans and other safeguards in place, disruptions or failures in the physical infrastructure or operating systems that support its businesses and customers, or cyber attacks or security breaches of its networks, systems or devices on which employees' or customers' any such cybersecurity incident, including those impacting personal information, is stored and that customers use to access

the Corporation's and its subsidiaries products and services could result in customer attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could materially adversely affect the Corporation's results of operations or financial condition. Furthermore, increased regulation of data collection, use and retention practices, including self-regulation and industry standards, changes in existing laws and regulations, enactment of new laws and regulations, increased enforcement activity, and changes in interpretation of laws, could increase our cost of compliance and operation, limit our ability to grow our business or otherwise harm the Corporation.

In addition, significant disruptions of our third party vendors' and/or service providers' security systems or infrastructure, or other similar data security incidents, could adversely affect our business operations and/or result in the loss, misappropriation, and/or unauthorized access, use or disclosure of, or the prevention of access to, regulated personal or confidential information, which could harm our business. While we may be entitled to damages if our third party service providers fail to satisfy their security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award.

Although to date the Corporation has not experienced any material losses relating to cyber attacks or other information security breaches, cybersecurity incidents, there can be no assurance that it or its subsidiaries will not suffer such losses in the future and our information systems remain a target of cyber attacks. Given the evolving nature of security threats and evolving safeguards, there can be no assurance that any preventive, protective, or remedial data security measures that we or our third party service providers implement are or will be adequate to address threats that arise. However, even security measures that are appropriate, reasonable, and detect or in accordance with applicable legal requirements may not be able to fully protect our operational or security systems or infrastructure and the data contained therein, or our data that is contained in our subsidiaries' or third parties' systems. prevent all cybersecurity incidents. Additionally, while we have implemented security measures that we believe are appropriate, a regulator could deem our security measures not to be appropriate given the lack of prescriptive measures in certain data protection laws. The Corporation continues to enhance its data security systems, technology platforms, employee education and risk management processes, in an effort to underpin its business strategy as well as in response to the evolving threat landscape and any incidents we experience. In connection with these efforts, we have incurred costs and expect to incur additional costs as we continue to enhance our data security infrastructure and take further steps to prevent unauthorized access to our systems and the data we maintain. In addition, any actual or perceived failure by the Corporation or our vendors or business partners to comply with our privacy, confidentiality, or data security-related legal or other obligations to third parties may result in claims by third parties that we have breached our privacy- or confidentiality-related obligations, which could materially and adversely affect our business and prospects.

The Corporation's risk and exposure to these matters, including future "phishing" attempts like the 2020 incident, which was disclosed in the Corporation's Annual Form 10-K for the year ended December 31, 2020, remain heightened because of, among other things, the evolving nature of these threats, our plans to continue to implement our Internet banking and mobile banking channel strategies and develop additional remote connectivity solutions to serve our customers when and how they want to be served. As a result, cybersecurity and the continued development and enhancement of the Corporation's controls, processes and practices designed to protect its and its subsidiaries systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for the Corporation. As cyber threats continue to evolve, the Corporation may be required to expend further significant resources to continue to modify or enhance its protective measures or to investigate and remediate future information security vulnerabilities.

While we have purchased cybersecurity insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyber attacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as adequate for our operations. Further information relating to cybersecurity risk management is discussed in Item 1C. "Cybersecurity" of this report.

A pandemic, including the ongoing COVID-19 pandemic and measures intended to prevent its spread, could have a material adverse effect on our business, results of operations, cash flows, and financial condition.

A pandemic, such as the ongoing COVID-19 pandemic, and emergence of new variants could negatively impact the global economy, disrupt financial markets and international trade, and result in varying unemployment levels, all of which could negatively impact our business, results of operations, cash flows, and financial condition. Pandemic outbreaks could lead (and the current outbreak of COVID-19 has led) governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to mitigate its spread, including restrictions on freedom of movement and business operations such as issuing guidelines, travel bans, border closings, business closures and quarantine orders.

Our business and financial performance could be adversely affected, directly or indirectly, by terrorist activities, international hostilities or domestic civil unrest.

Neither the occurrence nor the potential impact of geopolitical instabilities, terrorist activities, international hostilities or other extraordinary events beyond the Corporation's control can be predicted. However, these occurrences could adversely impact us, for example, by preventing us from conducting our business in the ordinary course. Also, their impact on our borrowers, depositors, other customers, suppliers or other counterparties could result in indirect adverse effects on us. Other indirect adverse consequences from these occurrences could result from impacts to the financial markets, the economy in general or in any region, or key parts of the infrastructure (such as the power grid) on which we and our customers rely. These types of indirect effects, whether specific to our counterparties or more generally applicable, could lead, for example, to an increase in delinquencies, bankruptcies or defaults that could result in the Corporation experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses. They could also cause a reduction in demand for lending or other services that we provide.

Risks Related to Legal and Compliance Matters

The Corporation is subject to extensive government regulation and supervision, which may affect its ability to conduct its business and may negatively impact its financial results.

The Corporation, primarily through the Bank and its non-bank subsidiary, is subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors' funds, the Federal Deposit Insurance Fund and the safety and soundness of the banking system as a whole, not stockholders. These regulations affect the Corporation's lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect the Corporation in substantial and unpredictable ways. Such changes could subject it to additional costs, limit the types of financial services and products the Corporation may offer, and/or limit the pricing it may charge on certain banking services, among other things.

Failure to comply with laws, including the Bank Secrecy Act and USA Patriot Act, regulations or policies could result in sanctions by regulatory agencies, restrictions, civil money penalties and/or reputation damage, which could have a material adverse effect on the Corporation's business, financial condition and results of operations and/or cause the Corporation to lose its financial holding company status. While the Corporation has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. See the section captioned "Supervision and Regulation" in Part I, Item 1 of this report for further information.

Federal and state governments could pass legislation responsive to current credit conditions which could cause the Corporation to experience higher credit losses.

The Corporation could experience higher credit losses because of federal or state legislation or regulatory action that reduces the amount the Bank's borrowers are otherwise contractually required to pay under existing loan contracts. Also, the Corporation could experience higher credit losses because of federal or state legislation or regulatory action that limits the Bank's ability to foreclose on property or other collateral or makes foreclosure less economically feasible. The Corporation cannot assure you that future legislation will not significantly and adversely impact its ability to collect on its current loans or foreclose on collateral.

General Risk Factors

The Corporation relies on its management and other key personnel, and the loss of any of them may adversely affect its operations.

The Corporation is and will continue to be dependent upon the services of its executive management team. In addition, it will continue to depend on its ability to retain and recruit key client relationship managers. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on its business and financial condition.

The Corporation's risk management framework may not be effective in mitigating risk and loss.

The Corporation maintains an enterprise risk management program that is designed to identify, quantify, monitor, report, and control the risks that it faces. These risks include, but are not limited to: strategic, interest-rate, credit, liquidity, operations, pricing, reputation, compliance, litigation, and cybersecurity. While the Corporation assesses and improves this program on an ongoing basis, there can be no assurance that its approach and framework for risk management and related controls will effectively mitigate all risk and limit losses in its business. If conditions or circumstances arise that expose flaws or gaps in the Corporation's risk-management program, or if its controls break down, the Corporation's results of operations and financial condition may be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

The Corporation maintains robust processes for assessing, identifying, and managing material risks from cybersecurity threats. The Corporation's cybersecurity program is based on the Federal Financial Institutions Examination Council ("FFIEC") framework which tailors the National Institute of Standards and Technology ("NIST") Cybersecurity Framework to be more financial services focused. The risk of cybersecurity threats is integrated into its Enterprise Risk Management ("ERM") program, led by the Corporation's Chief Risk Officer. The ERM program includes an annual risk prioritization process to identify key enterprise risks. Each key risk is assigned a risk owner to establish action plans and implement risk mitigation strategies. The cybersecurity threat risk action plan is managed at the enterprise level by the Chief Information Technology & Security Officer (the "CITSO"), the VP of Information Technology, and the VP of Information Security. Each quarter, the risk owners review and update the cybersecurity threat risk action plan to provide the status on specific risk mitigation actions and to identify new threats. To oversee and identify cybersecurity threat risks on a day-to-day basis, including from third party service providers, the Corporation maintains a third-party security operations center with round-the-clock monitoring, and the CITSO receives regular reports on industry activity. Management also assesses the cybersecurity proficiency of potential third-party suppliers before utilizing their services. The assessment identifies cybersecurity-related risks and makes recommendations to enhance the security of all new computing services. The Corporation reassesses all suppliers on a regular interval.

The Corporation works closely with its internal auditors to assess, identify, and manage cybersecurity risks. In addition, the Corporation engages with third party cybersecurity specialists to provide an independent assessment of the Corporation's cybersecurity programs and to prepare a 3-year plan to maintain compliance and operational excellence. Management periodically reviews the 3-year plan and modifies it in response to changes in the threat landscape or otherwise as needed. Management has not identified risks from

cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Corporation, including its business strategy, results of operations or financial condition. See "Item 1A. Risk Factors" above for more information.

Governance

The Board of Directors is responsible for overseeing the assessment and management of enterprise-level risks that may impact the Corporation. The Audit Committee has primary responsibility for overseeing risk management, including oversight of risks from cybersecurity threats. Management, including the CITSO, reports on cybersecurity matters regularly to the Board, primarily through the Audit and IT Committees, including an annual report regarding specific risks and mitigation efforts within the Bank and a 3-year cybersecurity threat assessment conducted by third party experts. Management provides benchmarking information and updates on key operational and compliance metrics to the Board. In addition, cybersecurity training is provided to the full Board of Directors to educate directors on the current cyber threat environment and measures companies can take to mitigate risk and impact of cyber attacks.

The Corporation maintains a Cybersecurity Incident Response Plan (the "CSIRP"), which establishes an organizational framework and guidelines intended to facilitate an effective response and handling of cybersecurity incidents that could jeopardize the availability, integrity, or confidentiality of the Corporation's assets. The CSIRP outlines roles and responsibilities, criteria for measuring the severity of a cybersecurity incident, and an escalation framework, including processes for informing the General Counsel and the Board of Directors of material cybersecurity incidents. As described above, management is actively involved in assessing and managing the Bank's material cybersecurity risks. The CITSO and the VP of Information Security primarily lead these efforts. The CITSO, who reports directly to the CEO, is responsible for the oversight of the Corporation's IT operation, including the cybersecurity program, and holds a Bachelor of Science degree in Information Technology and Security and a Master of Science in Information Security and Assurance. He also holds 20 industry recognized Technology and Security certifications. The VP of Information Security reports directly to the CITSO and has responsibility for leadership of the Bank's cybersecurity program. He holds a bachelor's degree in mathematics and computer science, as well as several industry recognized information security certifications.

ITEM 2. PROPERTIES

The headquarters of the Corporation and the Bank are located at 1 South Second Street, Clearfield, Pennsylvania, in a building owned by the Corporation. The Bank operates 4751 full-service offices at December 31, 2022 December 31, 2023. Of these 4751 offices, 2324 are owned and 2326 are leased from independent owners and one is leased from the Corporation. Holiday has nine full-service offices, of which eight are leased from independent owners and one is leased from the Corporation. The Bank's CNB Bank franchise's primary market area of areas are the Pennsylvania counties of Blair, Cambria, Cameron, Centre, Clearfield, Crawford, Elk, Indiana, Jefferson, and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie, and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake, and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie and Niagara. Ridge View Bank, a division of the Bank, operates in Southwest, Virginia, the Virginia counties of Botetourt, Craig, Franklin, and Roanoke. Impressia Bank, a division of the Bank, will operate operates in the Bank's primary market areas. There are no encumbrances on the offices owned and the rental expense on the leased property is immaterial in relation to operating expenses. The initial lease terms range from three two to twenty years.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Global Select Market of NASDAQ under the symbol "CCNE." As of December 31, 2022 December 31, 2023, the number of shareholders of record of the Corporation's common stock was 7,023,7184.

Dividends

As discussed under "The Corporation's ability to pay dividends is limited by law and regulations" included in Item 1A. Risk Factors in Part I, the amount and timing of dividends is subject to the discretion of the Board of Directors and depends upon business conditions and regulatory requirements. The Board of Directors has the discretion to change the dividend at any time for any reason. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, the Corporation's financial condition and operating results and other factors, including applicable government regulations and policies.

Issuer Purchases of Equity Securities

The following table provides information with respect to any purchase of shares of the Corporation's common stock made by or on behalf of the Corporation for the quarter ended December 31, 2022 December 31, 2023.

Period	Number of shares	Amount
December 31, 2022	0	\$0.00

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that May Yet Be Purchased Under the Plans or Programs
				Under the Plans or Programs
October 1 – 31, 2022	—	\$ —	—	500,000 (1)
November 1 – 30, 2022	—	—	—	500,000 (1)
December 1 – 31, 2022	—	—	—	500,000 (1)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
				Under the Plans or Programs (1)
October 1 – 31, 2023	—	\$ —	—	173,541
November 1 – 30, 2023	—	—	—	173,541
December 1 – 31, 2023	—	—	—	173,541

(1) On May 17, 2022, the Corporation's Board of Directors authorized a common stock repurchase plan (the "Repurchase Plan") pursuant to which the Corporation is authorized to repurchase up to 500,000 shares of common stock, provided that the aggregate purchase price of shares of common stock repurchased does not exceed \$15 million. The repurchases of common stock, if any, are originally authorized to be made during the period beginning on June 2, 2022 (the date on which the Corporation received acknowledgement of the repurchase program from the Federal Reserve Bank) through and including May 17, 2023. On May 9, 2023, the Corporation's Board of Directors amended the Repurchase Plan to extend its duration to May 17, 2024. Common stock repurchases under the Repurchase Plan may be conducted through open market purchases, privately negotiated transactions. Depending on market conditions and other factors, these repurchases may be commenced or suspended without prior notice. As of December 31, 2022 December 31, 2023, there were 500,000 173,541 shares remaining for repurchase under the program.

Additionally, during the quarter ended December 31, 2022 December 31, 2023, certain employees surrendered shares of common stock owned by them to satisfy their statutory minimum U.S. federal and state tax obligations associated with the vesting of shares of restricted common stock issued under the CNB Financial Corporation 2019 Omnibus Incentive Plan.

Share Return Performance

Set forth below is a chart comparing the Corporation's cumulative return to stockholders against the cumulative return of the NASDAQ Composite Index and a peer group index of banking organizations for the five-year period commencing December 31, 2017 December 31, 2018 and ending December 31, 2022 December 31, 2023.

CNB Financial Corporation

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Index	Index	Period Ending						Period Ending						
		12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	Index	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
CNB	CNB													
Financial	Financial													
Corporation	Corporation	100.00	89.51	130.62	88.06	112.68	103.95							
NASDAQ	NASDAQ													
Composite	Composite													
Index	Index	100.00	97.16	132.81	192.47	235.15	158.65							
KBW	KBW													
NASDAQ	NASDAQ													
Bank Index	Bank Index	100.00	82.29	112.01	100.46	138.97	109.23							

Source: S&P Global Market Intelligence

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ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is presented to provide insight into management's assessment of financial results and should be read in conjunction with the following parts of this Annual Report on Form 10-K: Part I, Item 1 "Business," Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," and Part II, Item 8 "Financial Statements and Supplementary Data." This section of this Annual Report on Form 10-K generally discusses 2023 and 2022 items and

year-to-year comparisons between 2023 and 2022. Discussions of 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022.

Dollar amounts in tables are stated in thousands, except for per share amounts.

Forward-Looking Statements and Factors that Could Affect Future Results

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

Such known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, include, but are not limited to, (i) adverse changes or conditions in capital and financial markets, including actual or potential stresses in the banking industry; (ii) changes in the interest rates, rate environment; (iii) the credit risks of lending activities, including our ability to estimate credit losses and the allowance for credit losses, as well as the effects of changes in the level of, and trends in, loan delinquencies and write-offs; (iv) effectiveness of our data security controls in the face of cyber attacks and any reputational risks following a cybersecurity incident; (v) the duration and scope of a pandemic, including the ongoing COVID-19 pandemic, and the local, national and global impact of a pandemic; (vi) changes in general business, industry or economic conditions or competition; (vii) changes in any applicable law, rule, regulation, policy, guideline or practice governing or affecting financial holding companies and their subsidiaries or with respect to tax or accounting principles or otherwise; (viii) higher than expected costs or other difficulties related to integration of combined or merged businesses; (ix) the effects of business combinations and other acquisition transactions, including the inability to realize our loan and investment portfolios; (x) changes in the quality or composition of our loan and investment portfolios; (xi) adequacy of loan loss reserves; (xii) increased competition; (xiii) loss of certain key officers; (xiv) deposit attrition; (xv) rapidly changing technology; (xvi) unanticipated regulatory or judicial proceedings and liabilities and other costs; (xvii) changes in the cost or sources of funds, demand for loan and deposit products or demand for financial services; and (xviii) other economic, competitive, governmental or technological factors affecting our operations, markets, products, services and prices. Such developments could have an adverse impact on CNB's financial position and results of operations.

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

Overview

The Corporation is a financial holding company registered under the BHC Act. It was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 for the purpose of engaging in the business of a financial holding company. The Corporation's subsidiary, the Bank, provides financial services to individuals and businesses primarily within its businesses. The CNB Bank franchise's primary market area of areas are the Pennsylvania counties of Blair, Cambria, Cameron, Centre, Clearfield, Crawford, Elk, Indiana, Jefferson, and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie, and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake, and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie and Niagara. Ridge View Bank, a division of the Bank, operates in Southwest, Virginia. the Virginia counties of Botetourt, Craig, Franklin, and Roanoke. Impressia Bank, a division of the Bank, will operate in the Bank's primary market areas beginning in the first quarter of 2023. Although the Corporation's strategies, through its Bank subsidiary, are executed based on the divisions discussed above, the Bank is a single Pennsylvania-chartered bank whereby all divisions of the Bank conduct their business on a doing business as basis.

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

Non-GAAP Financial Information

This report contains references to financial measures that are not defined in GAAP. Management uses non-GAAP financial information in its analysis of the Corporation's performance. Management believes that these non-GAAP measures provide a greater understanding of ongoing operations, enhance comparability of results of operations with prior periods and show the effects of significant gains and charges in the periods presented. The Corporation's management believes that investors may use these non-GAAP

measures to analyze the Corporation's financial performance without the impact of unusual items or events that may obscure trends in the Corporation's underlying performance. This non-GAAP data should be considered in addition to results prepared in accordance with GAAP, and is not a substitute for, or superior to, GAAP results. Limitations associated with non-GAAP financial measures include the risks that persons might disagree as to the appropriateness of items included in these measures and that different companies might calculate these measures differently.

Non-GAAP measures reflected within the discussion below include:

- Tangible book value per common share;
- Tangible common equity/tangible assets;
- **Adjusted allowance/loans receivable, net of Paycheck Protection Program ("PPP") related loans;**
- Net interest margin (fully tax equivalent basis);
- Efficiency ratio;
- Pre-provision net revenue ("PPNR");
- Return on average tangible common equity; and
- Non-interest income excluding realized gains on available-for-sale ("AFS") securities.

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

Primary Factors Used To Evaluate Performance

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

Financial Condition

The following table presents ending balances, growth, and the percentage change of certain measures of our financial condition for specified years (dollars in millions):

	2022	2021	\$ Change	% Change
	Balance	Balance	vs. prior	vs. prior
	2023		year	year
Total assets				
Total assets				
Total assets	Total assets	\$ 5,475.2	\$ 5,328.9	\$ 146.2
Total loans, net of allowance for credit losses	Total loans, net of allowance for credit losses	4,231.7	3,597.2	634.5
Total loans, net of allowance for credit losses				17.6
Total securities				
Total securities				
Total securities	Total securities	785.8	707.6	78.2
Total deposits	Total deposits	4,622.4	4,715.6	(93.2)
Total deposits				(2.0)
Total shareholders' equity	Total shareholders' equity	530.8	442.8	87.9
Total shareholders' equity				19.9
Total shareholders' equity				

Cash and Cash Equivalents

Cash and cash equivalents totaled \$106.3 million \$222.0 million at December 31, 2022 December 31, 2023, including \$43.4 million \$164.4 million held at the Federal Reserve. Cash and cash equivalents totaled \$732.2 million \$106.3 million at December 31, 2021 December 31, 2022. The decrease increase in cash and cash equivalents from December 31, 2021 December 31, 2022 to December 31, 2022 December 31, 2023 was primarily due primarily to robust loan growth coupled with an increase in investment purchases, to position a portion of the excess liquidity into higher earning assets, and deposits coupled with a decrease in deposits. the production of the loan portfolio, offset by a decrease in the paydowns and maturities on the securities portfolio. The decrease increase in deposits was primarily driven primarily by the impact of competitive pricing pressures due to the rapid increase in interest rates, as well as customers experiencing substantial increases in costs due to inflation. rates.

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

Securities

Securities AFS debt securities and equity securities totaled \$351.3 million and \$381.0 million at December 31, 2023 and \$707.6 million at December 31, 2022 and 2021, 2022, respectively. At December 31, 2022, the total balance of investments Investments classified as held-to-maturity ("HTM") securities was totaled \$389.0 million and \$404.8 million. There were no investments classified as HTM at December 31, 2021, December 31, 2023 and 2022, respectively. During 2022, as a result of the Corporation's asset/liability and capital management strategies, securities with a combined amortized cost of \$220.8 million and a fair value of \$213.7 million were transferred from AFS to HTM. These HTM portfolio bonds continue to support liquidity through pledging and can be utilized as collateral against borrowings. In addition to these internal portfolio transfers, some of the investment purchases made by the Corporation during 2022 were also classified as HTM debt securities.

The Corporation's objective is to maintain the investment securities portfolio at an appropriate level to balance the earnings and liquidity provided by the portfolio. Note 3.2, "Securities," in the consolidated financial statements provides more detail concerning the composition of the Corporation's investment securities portfolio and the process for evaluating securities for impairment.

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of AFS debt securities as of December 31, 2022 December 31, 2023. Weighted-average yields have been computed on a fully taxable-equivalent basis using a tax rate of 21%. Mortgage-backed securities are included in maturity categories based on their stated maturity date.

		December 31, 2022										December 31, 2023										December 31, 2024																			
		December 31, 2023										December 31, 2024										December 31, 2024																			
		After One But					After Five But					After One But					After Five But					After One But					After Five But														
		Within		Within		Within Ten		After Ten		Within		After One But		Within		After One But		Within		After One But		Within		After One But		Within		After One But													
		One Year		Five Years		Years		Years		Total		One Year		Five Years		Years		Total		One Year		Five Years		Years		Total		One Year		Five Years		Years		Total							
		\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield						
U.S.	U.S.	U.S. Government Sponsored Entities										U.S. Government Sponsored Entities										U.S. Government Sponsored Entities										U.S. Government Sponsored Entities									
Government	Government	\$1,236	3.03 %	\$ 1,893	1.76 %	\$ —	— %	\$ —	— %	\$ 3,129	2.26 %	\$ 4,747	3.98	\$ 3,98	3.98 %	\$ 241	1.29	\$ 1,29	1.29 %	\$ —	— %	\$ 4,747	3.98	\$ 3,98	3.98 %	\$ 241	1.29	\$ 1,29	1.29 %	\$ —	— %	\$ 4,747	3.98	\$ 3,98	3.98 %	\$ 241	1.29	\$ 1,29	1.29 %		
Sponsored	Sponsored	State and Political Subdivisions										Subdivisions										Subdivisions										Subdivisions									
State and	State and	3,069	3.13	28,032	2.69	46,881	2.21	17,681	2.33	95,663	2.40	Residential and multi-family mortgage										Residential and multi-family mortgage										Residential and multi-family mortgage									
Political	Political	Residential and multi-family mortgage										Residential and multi-family mortgage										Residential and multi-family mortgage										Residential and multi-family mortgage									
Subdivisions	Subdivisions	8,690	2.96	27,454	2.27	181,403	1.58	217,547	1.72	Corporate notes and bonds										Corporate notes and bonds										Corporate notes and bonds											
Residential	Residential	Corporate notes and bonds										Corporate notes and bonds										Corporate notes and bonds										Corporate notes and bonds									
and multi-	and multi-	356	0.61	11,415	3.61	30,620	4.34	Pooled SBA										Pooled SBA										Pooled SBA													
family	family	—	—	8,154	2.77	4,319	1.99	12,679	2.55	Total										Total										Total											
mortgage	mortgage	—	—	206	5.28	—	—	—	—	\$ 4,661	2.91 %	\$ 50,236	2.92 %	\$ 113,109	2.84 %	\$ 203,403	1.65 %	\$ 371,409	2.20 %	\$ 12,984	3.45	3.45 %	\$ 52,474	3.35	3.35 %	\$ 98,476	2.83	2.83 %	\$ 4,661	2.91 %	\$ 50,236	2.92 %	\$ 113,109	2.84 %	\$ 203,403	1.65 %	\$ 371,409	2.20 %			

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of HTM debt securities as of December 31, 2022 December 31, 2023.

		December 31, 2023									
		December 31, 2023					December 31, 2023				
		December 31, 2022									
		Within One Year			After One But Within Five Years			Within Ten Years		After Ten Years	
		\$ Amt.	Yield		\$ Amt.	Yield		\$ Amt.	Yield	\$ Amt.	Yield
U.S. Government Sponsored Entities	U.S. Government Sponsored Entities	\$ 5,058	0.58 %		\$ 242,928	1.55 %		\$ 59,725	1.72 %	\$ —	— %
U.S. Government Sponsored Entities	U.S. Government Sponsored Entities	\$ 5,058	0.58 %		\$ 242,928	1.55 %		\$ 59,725	1.72 %	\$ 307,711	1.57 %
Residential and multi-family mortgage	Residential and multi-family mortgage	—	—		3,841	2.78		2,499	3.34	90,714	2.82
Total	Total	\$ 5,058	0.58 %		\$ 246,769	1.57 %		\$ 62,224	1.79 %	\$ 90,714	2.82 %
Total	Total	\$ 5,058	0.58 %		\$ 246,769	1.57 %		\$ 62,224	1.79 %	\$ 404,765	1.87 %

The following table summarizes the weighted average modified duration of AFS debt securities as of December 31, 2022 December 31, 2023.

		Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities		1.06 0.37
State and Political Subdivisions		5.18 5.70
Residential and multi-family mortgage		5.76 6.00
Corporate notes and bonds		5.02 4.38
Pooled SBA		2.97 2.57
Total		5.65 5.53

The following table summarizes the weighted average modified duration of HTM debt securities as of December 31, 2022 December 31, 2023.

		Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities		3.44 2.54
Residential and multi-family mortgage		5.13 6.42
Total		3.85 3.40

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

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

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

Loans Receivable

Note 4, 3, "Loans Receivable and Allowance for Credit Losses," in the consolidated financial statements provides more detail concerning the loan portfolio of the Corporation.

At December 31, 2022 December 31, 2023, loans totaled \$4.4 billion, excluding the impact balances of (i) syndicated loans, and (ii) PPP any remaining balances on Paycheck Protection Program ("PPP") loans, net of PPP-related fees (such loans being referred to as the "PPP-related loans"), totaled \$4.1 billion, representing . This adjusted total of \$4.4 billion in loans represented an increase of \$654.5 million \$241.3 million, or 18.9% 5.86%, compared to the same adjusted total loans measured as of December 31, 2022. Loan growth for the year ended December 31, 2023 primarily resulted from December 31, 2021. This favorable loan growth which was experienced across in the Corporation's footprint, continued to reflect the Corporation's ongoing recent expansion in the markets of Cleveland, Ohio, Roanoke, Virginia, and Southwest Virginia regions, as well as new opportunities from its new loan production office in Rochester, Buffalo, New York combined with growth in the portfolio portfolios related to its the Columbus, Ohio market and CNB Bank's Private Banking division.

For the twelve months ended December 31, 2022 At December 31, 2023, the Corporation's balance sheet reflected an increase a decrease in syndicated lending balances of \$30.9 million \$49.9 million compared to December 31, 2021. December 31, 2022, reflecting scheduled paydowns or early payoffs of certain syndicated credits during 2023. The syndicated loan portfolio totaled \$156.6 million \$108.7 million, or 3.7% 2.43% of total loans, excluding PPP-related loans, at December 31, 2022 December 31, 2023, compared to \$125.8 million \$156.6 million, or 3.5% 3.66% of total loans, excluding PPP-related loans at December 31, 2021 December 31, 2022.

Loan Origination/Risk Management

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

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

Loan Portfolio Profile

As part of our lending policy and risk management activities, the Corporation tracks lending exposure by industry classification and type to determine potential risks associated with industry concentrations, and if any risk issues could lead to additional credit loss exposure. In the current post-pandemic and inflationary economic environment, the Corporation has determined that office commercial real estate ("commercial office") inherently could pose a higher level of credit risk, even given the historical high credit quality ratings and structures applied to the Corporation's outstanding commercial office credit extensions when initially underwritten and when funding or commitments were made. The Corporation monitors numerous relevant sensitivity elements at both underwriting and through and beyond the funding period, including projects occupancy, loan-to-value, absorption and cap rates, debt service coverage and covenant compliance, and developer/lessor financial strength both in the project and globally. At December 31, 2023, the Corporation had the following key metrics related to its commercial office portfolio:

- Commercial office loans outstanding consisted of 118 loans, totaling \$114.7 million, or 2.57% of total loans outstanding;
- Nonaccrual commercial office loans (one customer relationship) totaled \$508 thousand, or 0.44% of total office loans outstanding. One customer relationship had a related specific loss reserve of \$289 thousand, at December 31, 2023; and
- The average outstanding balance per commercial office loan was \$972 thousand.

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

Maturities and Sensitivities of Loans Receivable to Changes in Interest Rate

The following table presents the maturity distribution of the Corporation's loans receivable at **December 31, 2022** **December 31, 2023**. The table also presents the portion of loans receivable that have fixed interest rates or variable interest rates that fluctuate over the life of the loans in accordance with changes in an interest rate index.

		December 31, 2022				
		Due in One Year or Less	After One, but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
<u>Loans Receivable</u>	<u>Loans Receivable</u>					
<u>with Fixed Interest</u>	<u>with Fixed Interest</u>					
<u>Rate</u>	<u>Rate</u>					
<u>Loans Receivable with Fixed Interest</u>						
<u>Rate</u>						
<u>Loans Receivable with Fixed Interest</u>						
<u>Rate</u>						
Farmland	Farmland	\$ —	\$ 2,258	\$ 8,110	\$ —	\$ 10,368
Farmland	Farmland	\$ 5,821	\$ 21,134	\$ 14,394	\$ 5,043	\$ 46,392
Owner-occupied, nonfarm properties	Owner-occupied, nonfarm properties					
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties					
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties					
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	8	280	—	—	288
Commercial and Industrial	Commercial and Industrial	18,633	233,379	86,071	175	338,258
Commercial and Industrial	Commercial and Industrial					
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions					
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions					
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	7,732	8,784	62,426	30,619	109,561
Other loans	Other loans	5	659	579	12,331	13,574
Other loans	Other loans					
Other loans	Other loans					
Other construction loans and all land development and other land loans (1)	Other construction loans and all land development and other land loans (1)					
Other construction loans and all land development and other land loans (1)	Other construction loans and all land development and other land loans (1)					
Other construction loans and all land development and other land loans (1)	Other construction loans and all land development and other land loans (1)	32,969	39,385	13,856	1,317	87,527
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	925	54,416	4,232	4,580	64,153
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties					
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties					
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties					
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	13,647	63,163	58,292	1,316	136,418

1-4 Family	1-4 Family						
Construction (1)	Construction (1)	932	518	690	3,875	6,015	
1-4 Family Construction (1)							
1-4 Family Construction (1)							
Home equity lines of credit							
Home equity lines of credit							
Home equity lines of credit	Home equity lines of credit						
Residential	Residential						
Mortgages secured	Mortgages secured						
by first liens	by first liens	4,253	27,774	247,189	127,414	406,630	
Residential Mortgages secured by first liens							
Residential Mortgages secured by first liens							
Residential Mortgages secured by junior liens							
Residential Mortgages secured by junior liens							
Residential	Residential						
Mortgages secured	Mortgages secured						
by junior liens	by junior liens	190	7,951	49,616	10,989	68,746	
Other revolving credit plans	Other revolving credit plans						
Automobile	Automobile	415	15,279	6,106	—	21,800	
Other consumer	Other consumer	3,571	35,047	7,736	2,618	48,972	
Other consumer							
Other consumer							
Credit cards							
Credit cards							
Credit cards	Credit cards	—	—	—	—	—	
Overdrafts	Overdrafts	—	—	—	—	—	
Overdrafts							
Overdrafts							
Total							
Total							
Total	Total	\$ 89,288	\$ 510,111	\$ 559,912	\$ 200,692	\$ 1,360,003	
<u>Loans Receivable</u>	<u>Loans Receivable</u>						
<u>with Variable or</u>	<u>with Variable or</u>						
<u>Floating Interest</u>	<u>Floating Interest</u>						
<u>Rate</u>	<u>Rate</u>						
<u>Loans Receivable with Variable or</u>	<u>Loans Receivable with Variable or</u>						
<u>Floating Interest Rate</u>	<u>Floating Interest Rate</u>						
<u>Loans Receivable with Variable or</u>	<u>Loans Receivable with Variable or</u>						
<u>Floating Interest Rate</u>	<u>Floating Interest Rate</u>						
Farmland	Farmland	\$ 555	\$ 2,936	\$ 9,711	\$ 8,598	\$ 21,800	
Farmland	Farmland						
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	27,944	47,753	286,668	59,736	422,101	
Owner-occupied, nonfarm nonresidential properties							

Owner-occupied, nonfarm nonresidential properties						
Agricultural production and other loans to farmers						
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	668	71	171	—	910
Commercial and Industrial	Commercial and Industrial	227,253	136,938	87,093	2,369	453,653
Commercial and Industrial						
Commercial and Industrial						
Obligations (other than securities and leases) of states and political subdivisions						
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	—	4,189	9,323	22,272	35,784
Other loans	Other loans	2,329	2,550	1,350	4,907	11,136
Other loans						
Other loans						
Other construction loans and all land development and other land loans ⁽¹⁾						
Other construction loans and all land development and other land loans ⁽¹⁾	Other construction loans and all land development and other land loans ⁽¹⁾	80,439	130,120	133,697	14,902	359,158
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	24,099	24,630	134,085	10,729	193,543
Multifamily (5 or more) residential properties						
Multifamily (5 or more) residential properties						
Non-owner occupied, nonfarm nonresidential properties						
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	89,170	172,890	329,264	67,573	658,897
1-4 Family Construction ⁽¹⁾	1-4 Family Construction ⁽¹⁾	4,428	13,812	5,461	21,455	45,156
1-4 Family Construction ⁽¹⁾						
1-4 Family Construction ⁽¹⁾						
Home equity lines of credit						
Home equity lines of credit	Home equity lines of credit	4,844	8,238	63,540	47,003	123,625
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	6,304	17,077	157,565	354,955	535,901
Residential Mortgages secured by first liens						
Residential Mortgages secured by first liens						
Residential Mortgages secured by junior liens						
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	1,587	310	3,666	329	5,892
Other revolving credit plans	Other revolving credit plans	3,643	3,051	28,796	848	36,338

Other revolving credit plans							
Other revolving credit plans							
Automobile							
Automobile							
Automobile	Automobile	—	6	—	—	—	6
Other consumer	Other consumer	1	32	58	81	172	
Other consumer							
Other consumer							
Credit cards							
Credit cards							
Credit cards	Credit cards	10,825	—	—	—	10,825	
Overdrafts	Overdrafts	278	—	—	—	278	
Overdrafts							
Overdrafts							
Total							
Total							
Total	Total	\$ 484,367	\$ 564,603	\$ 1,250,448	\$ 615,757	\$ 2,915,175	
11-4 family construction loans and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original construction loans term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.	and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.

Loan Concentration

At December 31, 2022 December 31, 2023, no industry concentration existed which exceeded 10% of the total loan portfolio.

Loan Quality

The following table presents information concerning the loan portfolio delinquency and other nonperforming assets at December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022	December 31, 2021
Nonaccrual loans	\$ 20,986	\$ 19,420
Accrual loans greater than 90 days past due	1,121	168

Total nonperforming loans	22,107	19,588
Other real estate owned	1,439	707
Total nonperforming assets	\$ 23,546	\$ 20,295
Loans modified in a troubled debt restructuring ("TDR"):		
Performing TDR loans	\$ 6,006	\$ 9,006
Nonperforming TDR loans (1)	6,377	7,600
Total TDR loans	\$ 12,383	\$ 16,606
Total loans	\$ 4,275,178	\$ 3,634,792
Nonaccrual loans as a percentage of loans	0.49 %	0.53 %
Total assets	\$ 5,475,179	\$ 5,328,939
Nonperforming assets as a percentage of total assets	0.43 %	0.38 %
Allowance for credit losses on loans	\$ 43,436	\$ 37,588
Allowance for credit losses / Total loans	1.02 %	1.03 %
Ratio of allowance for credit losses on loans to nonaccrual loans	206.98 %	193.55 %

(1) Nonperforming TDR loans are also included in the balance of nonaccrual loans.

	December 31, 2023	December 31, 2022
Nonaccrual loans	\$ 29,639	\$ 20,986
Accrual loans greater than 90 days past due	55	1,121
Total nonperforming loans	\$ 29,694	\$ 22,107
Other real estate owned	2,111	1,439
Total nonperforming assets	\$ 31,805	\$ 23,546
Total loans	\$ 4,468,476	\$ 4,275,178
Nonaccrual loans as a percentage of loans	0.66 %	0.49 %
Total assets	\$ 5,752,957	\$ 5,328,939
Nonperforming assets as a percentage of total assets	0.55 %	0.43 %
Allowance for credit losses on loans	\$ 45,832	\$ 43,436
Allowance for credit losses / Total loans	1.03 %	1.02 %
Ratio of allowance for credit losses on loans to nonaccrual loans	154.63 %	206.98 %

Total nonperforming assets were approximately \$31.8 million, or 0.55% of total assets, as of December 31, 2023, compared to \$23.5 million, or 0.43% of total assets, as of December 31, 2022, compared. The increase in nonperforming assets for the year ended December 31, 2023 was primarily due to \$20.3 million, or 0.38% one commercial and industrial relationship consisting of total assets, 12 loans totaling \$3.2 million being placed on nonaccrual status during the fourth quarter of 2023, coupled with one commercial real estate relationship consisting of two loans totaling \$6.6 million being placed on nonaccrual status during the third quarter of 2023, as previously disclosed by the Corporation. The commercial relationship with two loans placed on nonaccrual status in the third quarter has a related combined specific loss reserve of December 31, 2021 \$472 thousand at December 31, 2023. In addition, While this loan relationship was placed on non-accrual status during the allowance for credit losses as a percentage third quarter of nonaccrual loans was 207.0% as 2023, based on collateral value support coupled with the specific reserve recorded against this loan relationship, management currently does not believe there is risk of December 31, 2022, compared significant additional loss exposure beyond the specific reserve related to 193.6% as of December 31, 2021, this loan relationship.

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

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

Allowance for Credit Losses

The amount of each allowance for credit losses account represents management's best estimate of current expected credit losses on these financial instruments considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Relevant available information includes historical credit loss experience, current conditions and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant internal and external factors. While management utilizes its best judgment and information available, the ultimate adequacy of the Corporation's allowance for credit losses

account is dependent upon a variety of factors beyond the Corporation's control, including the performance of the Corporation's loan portfolios, the economy, changes in interest rates and the view of the regulatory authorities toward classification of assets. The adequacy of the allowance for credit losses is subject to a formal analysis by the Credit Administration and Finance Departments of the Corporation. For additional information regarding the Corporation's accounting policies related to credit losses, refer to Note 1, "Summary of Significant Accounting Policies" and Note 4, "Loans and Allowance for Credit Losses" in these consolidated financial statements.

The table below provides an allocation of the allowance for credit losses on loans by loan portfolio segment at December 31, 2022 December 31, 2023 and 2021; however, allocation of a portion of the allowance to one segment does not preclude its availability to absorb losses in other segments.

		December 31, 2022				December 31, 2023				December 31, 2023			
		Percent of Loans in Each Category		Ratio of Allowance Allocated		Amount of Allowance Allocated		Percent of Loans in Each Category		Total Loans		Ratio of Allowance Allocated to Loans in Each Category	
		Allowance to Total	in Each	Allocated	Category	Loans	Total Loans	Allocated	Category	Loans	Total	Loans	to Loans in Each Category
		Allocated	Loans	Total Loans	Category	Allocated	Total Loans	Allocated	Category	Loans	Total	Loans	to Loans in Each Category
		December 31, 2023				December 31, 2023				December 31, 2023			
		Amount of Allowance Allocated	Allocated	Category	Total Loans	Amount of Allowance Allocated	Category	Total Loans	Percent of Loans in Each Category	Total Loans	Total	Loans	Ratio of Allowance Allocated to Loans in Each Category
Farmland	Farmland	\$ 159	0.8 %	\$ 32,168	0.49 %	Farmland \$ 126	0.7	0.7 %		\$ 31,869	0.40	0.40 %	
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,905	11.0	468,493	0.62								
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	6	—	1,198	0.50								
Commercial and Industrial	Commercial and Industrial	9,766	18.5	791,911	1.23								
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	1,863	3.4	145,345	1.28								
Other loans	Other loans	456	0.6	24,710	1.85								
Other construction loans and all land development and other	Other construction loans and all land development and other												
Land loans	Land loans	3,253	10.5	446,685	0.73								
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	2,353	6.0	257,696	0.91								
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	7,653	18.6	795,315	0.96								
1-4 Family Construction	1-4 Family Construction	327	1.2	51,171	0.64								
Home equity lines of credit	Home equity lines of credit	1,173	2.9	124,892	0.94								
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	8,484	22.0	942,531	0.90								

Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	1,035	1.7	74,638	1.39
Other revolving credit plans	Other revolving credit plans	722	0.9	36,372	1.99
Automobile	Automobile	271	0.5	21,806	1.24
Other consumer	Other consumer	2,665	1.1	49,144	5.42
Credit cards	Credit cards	67	0.3	10,825	0.62
Overdrafts	Overdrafts	278	—	278	100.00
Total loans	Total loans	\$ 43,436	100.0 %	\$ 4,275,178	1.02 %
Excluding PPP loans, net of deferred processing fees \$ 43,436				\$ 4,275,019	1.02 %

¹ PPP loans, net of deferred PPP processing fees, those disbursed in 2021, are included in the Commercial and Industrial classification.

	December 31, 2021						December 31, 2022					
				Percent of Loans in Each Category		Ratio of Allowance Allocated to Loans in Each Category				Percent of Loans in Each Category		Ratio of Allowance Allocated to Loans in Each Category
	Amount of Allowance	to Total	Allocated	Amount of Loans	Total Loans		Amount of Allowance	Allocated	Percent of Loans in Each Category to Total Loans	Total Loans	Category	
	Allocated	Loans	Total Loans	Category			Allocated	Percent of Loans in Each Category to Total Loans	Total Loans	Category		
	December 31, 2022						December 31, 2022					
	Amount of Allowance	Allocated					Amount of Allowance	Allocated	Percent of Loans in Each Category to Total Loans	Total Loans		Ratio of Allowance Allocated to Loans in Each Category
Farmland	Farmland	\$ 151	0.7 %	\$ 23,768	0.64 %	Farmland	\$ 159	0.8	0.8 %	\$ 32,168	0.49	0.49 %
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	3,339	12.0	434,672	0.77							
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	9	—	1,379	0.65							
Commercial and Industrial ¹	Commercial and Industrial	8,837	19.5	708,989	1.25							
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	1,649	3.9	140,887	1.17							
Other loans	Other loans	149	0.4	13,979	1.07							

Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	2,198	8.2	298,869	0.74
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	2,289	5.9	216,143	1.06
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	6,481	18.2	663,062	0.98
1-4 Family Construction	1-4 Family Construction	158	1.0	37,822	0.42
Home equity lines of credit	Home equity lines of credit	1,169	2.9	104,517	1.12
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	6,943	22.7	826,729	0.84
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	546	1.6	56,689	0.96
Other revolving credit plans	Other revolving credit plans	528	0.7	26,536	1.99
Automobile	Automobile	263	0.6	20,862	1.26
Other consumer	Other consumer	2,546	1.4	49,676	5.13
Credit cards	Credit cards	92	0.3	9,935	0.93
Overdrafts	Overdrafts	241	—	278	86.69
Total loans	Total loans	\$ 37,588	100.0 %	\$ 3,634,792	1.03 %
Excluding PPP loans, net of deferred processing fees \$ 37,588		\$ 3,589,589	1.05 %		
	Total loans	\$ 43,436	100.0	100.0 %	
		\$ 4,275,178	1.02	1.02 %	

¹ PPP loans, net of deferred PPP processing fees, disbursed in 2021 and 2020 are included in the Commercial and Industrial classification.

The allowance for credit losses measured as a percentage of total loans was 1.03% as of December 31, 2023, compared to 1.02% as of December 31, 2022, compared to 1.03% as of December 31, 2021.

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

For the year ended December 31, 2022 December 31, 2023, the allowance for credit losses increased primarily due to the growth in the Corporation's loan portfolio, including growth in new market areas. This was partially offset by improvements in the Corporation's historical loss rates, as well as the impact of net charge-offs. The year-over-year increase in reserves experienced in 2022 was primarily due to loan growth, the impact of net charge-offs, and the provision for credit losses recorded in 2022. There is still a significant amount of uncertainty related to the domestic and global economy, continued supply chain challenges, tightening credit conditions, persistent inflation, and the COVID-19 pandemic, higher interest rates. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Note 4, "Loans Receivable and Allowance for Credit Losses," to the consolidated financial statements provides further disclosure of loan balances by portfolio segment as of December 31, 2022 December 31, 2023 and 2021, 2022, as well as the nature and scope of loan modifications to borrowers experiencing financial difficulty and loans modified in a troubled debt restructuring during 2023 and 2022, and 2021 respectively, and the related effect on provision for credit expense and allowance for credit losses.

Additional information related to credit loss expense and net (charge-offs) recoveries at December 31, 2022 December 31, 2023, 2021 2022, and 2020 2021 is presented in the tables below.

Year Ended December 31, 2022										Year Ended December 31, 2023											
										Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable											
										Net (Charge-Offs) Recoveries											
		Provision				Net				Provision (Benefit) for Credit Losses on Loans Receivable (1)		Net	(Charge-Offs)		Average		Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable				
		(Benefit)				(Charge-Offs)				Losses on Loans Receivable (1)	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries				
		for Credit								Loans Receivable	(Charge-Offs)	Loans Receivable									
		Losses on	Net			Recoveries				Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries				
		Loans	(Charge-Offs)			Recoveries				Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries				
		Receivable	Receivable			Receivable				(1)	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries	Recoveries			
Farmland	Farmland	\$ 8	\$ —	\$ 32,075	—	%	Farmland	\$ (33)	\$ —	\$ —	\$ —	\$ 34,397	—	—	—	—	—	—	—	—	
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	(428)	(6)	467,606	—																
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	(3)	—	1,254	—																
Commercial and Industrial	Commercial and Industrial	965	(36)	762,585	—																
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	214	—	149,253	—																
Other loans	Other loans	307	—	16,861	—																
Other construction	Other construction																				
Loans and all land development and other	Loans and all land development and other																				
Land loans	Land loans	1,055	—	334,450	—																
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	64	—	227,715	—																
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	1,171	1	697,930	—																
1-4 Family Construction	1-4 Family Construction	169	—	41,849	—																
Home equity lines of credit	Home equity lines of credit	(8)	12	115,682	0.01																
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	1,564	(23)	874,675	—																

Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	489	—	63,362	—
Other revolving credit plans	Other revolving credit plans	236	(42)	29,398	(0.14)
Automobile	Automobile	34	(26)	20,677	(0.13)
Other consumer	Other consumer	1,653	(1,534)	50,196	(3.06)
Credit cards	Credit cards	36	(61)	11,872	(0.51)
Overdrafts	Overdrafts	460	(423)	282	(150.00)
Total	Total	\$ 7,986	\$ (2,138)	\$ 3,897,722	(0.05)%
				Total	\$ 5,837
					\$ (3,441)
					\$ 4,396,341
					(0.08) (0.08)%

(1) Excludes provision for credit losses totaling \$603 \$759 thousand related to unfunded commitments. Note 20, 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Year Ended December 31, 2021						Year Ended December 31, 2022					
		Provision (Benefit) for Credit Losses on Loans Receivable (1)	Net Losses on Loans Receivable	Net Recoveries	Ratio of Annualized Net Recoveries to Average Loans Receivable		Provision (Benefit) for Credit Losses on Loans Receivable (1)	Net Losses on Loans Receivable	Net Recoveries	Average Loans Receivable	Ratio of Annualized Net Recoveries to Average Loans Receivable
		Loans Receivable	(Charge-Offs)	Loans Receivable			Loans Receivable	(Charge-Offs)	Loans Receivable		
		(1)	Recoveries	Receivable			(1)	Recoveries	Receivable		
Farmland	Farmland	\$ (70)	\$ —	\$ 22,970	— %	Farmland	\$ 8	\$ —	\$ 32,075	—	— %
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	213	(574)	428,377	(0.13)						
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	(15)	—	2,245	—						
Commercial and Industrial	Commercial and Industrial	2,564	40	680,368	0.01						
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	1,028	(377)	138,604	(0.27)						
Other loans	Other loans	81	—	12,187	—						
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	524	(282)	246,583	(0.11)						

Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	(435)	—	218,285	—
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	(2,128)	(49)	627,595	(0.01)
1-4 Family Construction	1-4 Family Construction	76	—	30,513	—
Home equity lines of credit	Home equity lines of credit	186	(2)	106,214	—
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	2,436	(32)	795,747	—
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	308	(3)	55,063	(0.01)
Other revolving credit plans	Other revolving credit plans	49	(28)	25,751	(0.11)
Automobile	Automobile	154	(23)	23,027	(0.10)
Other consumer	Other consumer	637	(1,053)	42,634	(2.47)
Credit cards	Credit cards	120	(94)	9,532	(0.99)
Overdrafts	Overdrafts	275	(278)	224	(124.11)
Total	Total	\$ 6,003	\$ (2,755)	\$ 3,465,919	(0.08)%
		Total	\$ 7,986	\$ (2,138)	\$ 3,897,722
					(0.05) (0.05)%

(b) Excludes provision for credit losses totaling \$603 thousand related to unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Year Ended December 31, 2020								Ratio of Annualized Net (Charge-Offs)							
Provision (Benefit) for Credit Loss				Net (Charge-Offs)		Average		Recoveries to Average							
Expense				Recoveries		Loans		Loans							
Year Ended December 31, 2021															
Year Ended December 31, 2021															
Year Ended December 31, 2021															
Provision (Benefit) for Credit Loss															
Expense															
Provision (Benefit) for Credit Loss															
Expense															
Farmland															
Farmland															
Farmland	Farmland	\$ (30)	\$ —	\$ —	\$ 27,359	\$ —	\$ —	\$ —	%						
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,031	(49)	396,881	(0.01)										
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties														
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties														
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers														
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers														

Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	(6)	—	3,185	—
Commercial and Industrial	Commercial and Industrial	5,283	(2,740)	644,793	(0.42)
Commercial and Industrial	Commercial and Industrial				
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions				
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions				
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	207	—	147,851	—
Other loans	Other loans	19	—	10,546	—
Other loans	Other loans				
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	(1,504)	125	191,984	0.07
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,301	—	184,980	—
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties				
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties				
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties				
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	3,266	(1,470)	532,088	(0.28)
1-4 Family Construction	1-4 Family Construction	61	—	24,893	—
1-4 Family Construction	1-4 Family Construction				
Home equity lines of credit	Home equity lines of credit				
Home equity lines of credit	Home equity lines of credit				
Home equity lines of credit	Home equity lines of credit	367	(5)	103,723	—
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	2,366	(220)	691,294	(0.03)
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens				
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens				
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens				
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	148	(156)	55,018	(0.28)
Other revolving credit plans	Other revolving credit plans	(51)	(116)	27,102	(0.43)
Other revolving credit plans	Other revolving credit plans				
Automobile	Automobile	99	(27)	26,419	(0.10)
Automobile	Automobile				

Other consumer	Other consumer	1,364	(1,383)	38,679	(3.58)
Other consumer					
Other consumer					
Credit cards					
Credit cards					
Credit cards	Credit cards	179	(139)	8,126	(1.71)
Overdrafts	Overdrafts	254	(250)	250	(100.00)
Overdrafts					
Overdrafts					
Total loans	Total loans	\$ 15,354	\$ (6,430)	\$ 3,115,171	(0.21) %
Total loans					
Total loans					

During the year ended December 31, 2022 December 31, 2023, the Corporation recorded a provision for credit losses of \$8.6 million, as \$6.0 million compared to a provision for credit losses of \$6.0 million \$8.6 million for the year ended December 31, 2021 December 31, 2022. Included in the provision for credit losses for the year ended December 31, 2022 December 31, 2023, was \$603 a \$156 thousand expense related to the allowance for unfunded commitments compared to no accrual towards the allowance for unfunded commitments a \$603 thousand expense for the year ended December 31, 2021 December 31, 2022. Net charge-offs during The \$2.6 million reduction in the provision expense for the year ended December 31, 2022 were \$2.1 million, December 31, 2023 compared to net charge-offs of \$2.8 million during the year ended December 31, 2021. The increase of \$2.6 million in provision for credit losses, from the year ended December 31, 2021 to the year ended December 31, 2022 was primarily due a result of the decrease in loan portfolio growth. Net charge-offs during the year ended December 31, 2023 were \$3.4 million, or 0.08% of average total loans and loans held for sale, compared to loan growth, \$2.1 million, or 0.05% of average total loans and loans held for sale, during the impact of net charge-offs and the provision for credit losses recorded in 2022, related to the allowance for unfunded commitments. year ended December 31, 2022.

Premises and Equipment

During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Corporation invested \$12.3 million \$10.8 million and \$6.5 million \$12.3 million, respectively, in its physical infrastructure through the purchase of land, buildings, and equipment.

Bank Owned Life Insurance

The Corporation has periodically purchased Bank Owned Life Insurance ("BOLI"). The policies cover executive officers and a select group of other employees with the Bank being named as beneficiary. Earnings from BOLI assist the Corporation in offsetting its benefit costs. The Corporation made \$11.6 million in no purchases of BOLI during the twelve months year ended December 31, 2022 December 31, 2023, while the Corporation made \$22.0 \$11.6 million purchases of BOLI during the twelve months year ended December 31, 2021 December 31, 2022.

Funding Sources

Deposits

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

	December 31, 2022	December 31, 2021	Percentage change
Demand, Non interest bearing	\$ 898,437	\$ 792,086	13.4%
Demand, Interest bearing	1,007,202	1,079,336	(6.7)
Savings deposits	2,270,337	2,457,745	(7.6)
Time deposits	446,461	386,452	15.5
Total	\$ 4,622,437	\$ 4,715,619	(2.0)%

	December 31, 2023	December 31, 2022	Percentage change
Noninterest-bearing demand deposits	\$ 728,881	\$ 898,437	(18.9)%
Interest-bearing demand deposits	803,093	1,007,202	(20.3)
Savings	2,960,282	2,270,337	30.4

Certificates of deposit	506,494	446,461	13.4
Total	\$ 4,998,750	\$ 4,622,437	8.1%

At December 31, 2022 December 31, 2023, total deposits were \$4.6 billion \$5.0 billion, reflecting a decrease an increase of \$93.2 million \$376.3 million, or 2.0% 8.1%, from December 31, 2021. During the same timeframe, while non interest-bearing deposits increased approximately \$106.4 million, or 13.4%, total interest-bearing deposits decreased approximately \$199.5 million, or 5.1%, from December 31, 2021 December 31, 2022. The decrease increase in deposits was driven primarily by the impact of competitive pricing pressures due to continued growth in the rapid increase in interest rates, as well as customers experiencing substantial Corporation's treasury management customer base and resulting increases in costs due to inflation. municipal and institutional/corporate deposits, including new wealth and asset management deposit relationships resulting from CNB's participation in deposit insurance sharing programs.

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

	Year Ended December 31,					
	2022		2021		2020	
	Average Amount	Annual Rate	Average Amount	Annual Rate	Average Amount	Annual Rate
Demand – Non-Interest Bearing	\$ 847,793	— %	\$ 724,839	— %	\$ 516,724	— %
Demand – Interest Bearing	1,061,452	0.20	978,279	0.18	755,200	0.24
Savings Deposits	2,383,918	0.54	2,309,560	0.22	1,923,214	0.66
Time Deposits	351,272	1.40	445,488	1.82	445,408	2.15
Total	\$ 4,644,435		\$ 4,458,166		\$ 3,640,546	

	Year Ended December 31,					
	2023		2022		2021	
	Average Amount	Annual Rate	Average Amount	Annual Rate	Average Amount	Annual Rate
Noninterest-bearing demand deposits	\$ 793,713	— %	\$ 847,793	— %	\$ 724,839	— %
Interest-bearing demand deposits	853,632	0.54	1,061,452	0.20	978,279	0.18
Savings	2,666,905	2.92	2,383,918	0.54	2,309,560	0.22
Certificates of deposit	517,017	2.97	351,272	1.40	445,488	1.82
Total	\$ 4,831,267		\$ 4,644,435		\$ 4,458,166	

At December 31, 2023, the average deposit balance per account for CNB Bank was approximately \$33 thousand.

The following table presents additional information about our December 31, 2022 December 31, 2023 and 2021 2022 deposits:

		December 31, 2022	December 31, 2021	
		December 31, 2023	December 31, 2023	December 31, 2022
Time	Time			
deposits	deposits			
not	not			
covered	covered			
by	by			
deposit	deposit			
insurance	insurance	\$ 69,874	\$ 68,562	

Total deposits not covered by deposit insurance	Total deposits
not covered by deposit insurance	not covered by deposit insurance
1,864,886	1,711,676

At December 31, 2023, the total estimated uninsured deposits for CNB Bank were approximately \$1.4 billion, or approximately 28.2% of total CNB Bank deposits. However, when excluding affiliate company deposits of \$101.3 million and pledged-investment collateralized deposits of \$400.5 million, the adjusted amount and percentage of total estimated uninsured deposits was approximately \$937.1 million, or approximately 18.37% of total CNB Bank deposits as of December 31, 2023.

At December 31, 2022, the total estimated uninsured deposits for CNB Bank were approximately \$1.9 billion, or approximately 39.1% of total CNB Bank deposits. However, when excluding affiliate company deposits of \$143.1 million and pledged-investment collateralized deposits of \$396.2 million, the adjusted amount and percentage of total estimated uninsured deposits was approximately \$1.3 billion, or approximately 27.8% of total CNB Bank deposits as of December 31, 2022.

Scheduled maturities of time deposits not covered by deposit insurance at December 31, 2022 December 31, 2023 were as follows:

	December 31, 2022	2023
3 months or less	\$ 7,938	6,903
Over 3 through 6 months	628	18,501
Over 6 through 12 months	44,787	17,061
Over 12 months	16,521	2,200
Total	\$ 69,874	44,665

Borrowings

Periodically, the Corporation utilizes term borrowings from the FHLB and other lenders to meet funding obligations or match fund certain loan assets. The terms of these borrowings are detailed in Note 12|10, "Borrowings," to the consolidated financial statements. There were \$132.4 million zero in short-term FHLB borrowings as of December 31, 2022 December 31, 2023, compared to zero \$132.4 million at December 31, 2021 December 31, 2022.

On October 18, 2021, the Corporation announced that it had completed the redemption of \$50 million aggregate principal amount of its 5.75% Fixed-to-Floating Rate Subordinated Notes due October 15, 2026 (the "2026 Notes"), representing all outstanding 2026 Notes. The 2026 Notes were redeemed pursuant to their terms at a price equal to 100% of the principal amount, plus accrued and unpaid interest up to, but excluding, October 15, 2021. The Corporation financed the redemption of the 2026 Notes with cash on hand, including net proceeds from the issuance and sale of \$85.0 million aggregate principal amount of the Corporation's 3.25% Fixed-to-Floating Rate Subordinated Notes due 2031 completed in June 2021. Additional details about our subordinated debentures and notes are included in Note 12|10, "Borrowings" in the accompanying notes to consolidated financial statements.

Liquidity and Capital Resources

Liquidity

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

The Corporation's expected material cash requirements for the twelve months year ended December 31, 2023 December 31, 2024 and thereafter consist of withdrawals by depositors, credit commitments to borrowers, shareholder dividends, share repurchases, operating expenses and capital expenditures, expenditures that are pursuant to the Corporation's strategic initiatives. The Corporation expects to satisfy these short-term and long-term cash requirements through deposit growth, principal and interest payments from loans and investment securities, maturing loans and investment securities, as well as by maintaining access to wholesale funding sources maintained by the Corporation. sources.

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

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

banks and other wholesale funding sources.

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

At December 31, 2022 December 31, 2023, the Corporation's cash and cash equivalents position was approximately \$106.3 million \$222.0 million, including liquidity of \$43.4 million \$164.4 million held at the Federal Reserve. The Corporation also has the ability to borrow These excess funds, as a member of the FHLB. At December 31, 2022, based upon when combined with (i) available pledgeable collateral, the Corporation's total borrowing capacity with of \$3.6 billion from the FHLB was approximately \$757.8 million. Furthermore, at December 31, 2022, the Corporation had approximately \$177.0 million in securities that were unencumbered by a pledge Federal Home Loan Bank of Pittsburgh ("FHLB") and could be used to support additional borrowings through the Federal Reserve, and (ii) available unused commitments from brokered deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, resulted in the total on-hand and contingent liquidity sources for the Corporation being approximately 4.0 times the estimated amount of adjusted uninsured deposit balances discussed above.

The following table summarizes the Corporation's net available liquidity and borrowing capacities as of December 31, 2023:

	Net Available
FHLB borrowing capacity ⁽¹⁾	\$ 993,798
Federal Reserve borrowing capacity ⁽²⁾	463,547
Brokered deposits ⁽³⁾	1,871,289
Other third-party funding channels ⁽³⁾⁽⁴⁾	243,790
Total net available liquidity and borrowing capacity	\$ 3,572,424

⁽¹⁾ Availability contingent on the FHLB activity-based stock ownership requirement

⁽²⁾ Includes access to discount window, ^{as needed}, BIC program and Bank Term Funding Program

⁽³⁾ Availability contingent on internal borrowing guidelines

⁽⁴⁾ Availability contingent on correspondent bank approvals at time of borrowing

As of December 31, 2022 December 31, 2023, management is not aware of any events that are reasonably likely to have a material adverse effect on the Corporation's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on the Corporation.

In the ordinary course of business the Corporation has entered into contractual obligations and have made other commitments to make future payments. Refer to the accompanying notes to consolidated financial statements elsewhere in this report for the expected timing of such payments as of December 31, 2022 December 31, 2023. The Corporation's material contractual obligations as of December 31, 2022 December 31, 2023 consist of (i) long-term borrowings - Note 12, 10, "Borrowings," (ii) operating leases - Note 9, 7, "Leases," (iii) time deposits with stated maturity dates - Note 11, 9, "Deposits," and (iv) commitments to extend credit and standby letters of credit - Note 20, 18, "Off-Balance Sheet Activities."

Shareholders' Equity, Capital Ratios and Metrics

Shareholders' Equity

On September 21, 2022, the Corporation successfully completed a common stock offering resulting in the issuance of 4,257,446 shares of common stock at \$23.50 per share and net proceeds of \$94.1 million after deducting the underwriting discount and customary offering expenses. The net proceeds from the capital raise will be used for general corporate purposes, including working capital and funding the Corporation's organic growth across its multiple geographic markets, or evaluating potential acquisition opportunities.

As of December 31, 2022 December 31, 2023, the Corporation's total shareholders' equity was \$530.8 million \$571.2 million, representing an increase of \$87.9 million \$40.5 million, or 19.9% 7.6% from December 31, 2021 December 31, 2022. This The increase was primarily due to (i) improvements in accumulated other comprehensive losses resulting primarily from a reduction in after-tax temporary unrealized losses in the \$94.1 million AFS investment portfolio, and (ii) an increase in additional the Corporation's retained earnings (quarterly net income, partially offset by the common and preferred dividends paid in capital the quarter). These were partially offset by an increase in the Corporation's treasury stock as a result of the Corporation's repurchase of 326,459 common stock offering described above coupled with \$63.2 million from the Corporation's earnings for the year ended 2022, partially offset by approximately \$16.9 million in both, common dividends and preferred dividends, as well as an increase of \$51.7 million in accumulated other comprehensive loss, resulting primarily from the temporary unrealized reduction in the value on the AFS investment portfolio shares during the twelve months ended December 31, 2022, of 2023.

Preferred Stock

During the year ended December 31, 2020, the Corporation raised \$57.8 million, net of issuance costs, from the issuance of depositary shares, each representing a 1/40th ownership interest in a share of the Corporation's 7.125% Series A fixed rate non-cumulative perpetual preferred stock, no par value, with a liquidation preference of \$1,000 per share of preferred stock. The \$57.8 million qualifies as Tier 1 capital for regulatory capital purposes.

Capital Ratios and Metrics

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

As of December 31, 2022 December 31, 2023, all of the Corporation's capital ratios exceeded regulatory "well-capitalized" levels. The Corporation's capital ratios and book value per common share at December 31, 2022 December 31, 2023 and 2021 2022 were as follows:

	December 31, 2022	December 31, 2021		December 31, 2023	December 31, 2022
	December 31, 2023				
Total risk-based capital ratio	Total risk-based capital ratio	16.08 % 14.92 %	Total risk-based capital ratio	15.99 %	16.08 %
Tier 1 capital ratio	Tier 1 capital ratio	13.24 % 11.79 %	Tier 1 capital ratio	13.20 %	13.24 %
Common equity tier 1 ratio	Common equity tier 1 ratio	11.42 % 9.65 %	Common equity tier 1 ratio	11.49 %	11.42 %
Leverage ratio	Leverage ratio	10.74 % 8.22 %	Leverage ratio	10.54 %	10.74 %
Common shareholders' equity/total assets		Common shareholders' equity/total assets			
Tangible common equity/tangible assets (1)	Tangible common equity/tangible assets (1)	7.90 % 6.45 %	Tangible common equity/tangible assets (1)	8.22 %	8.64 %
Book value per common share	Book value per common share	\$ 22.39 \$ 22.85			
Tangible book value per common share (1)	Tangible book value per common share (1)	\$ 20.30 \$ 20.22			

(1) Tangible common equity, tangible assets and tangible book value per common share are non-GAAP financial measures calculated using GAAP amounts. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets and preferred equity from the calculation of shareholders' equity. Tangible assets is calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets. Tangible book value per common share is calculated by dividing tangible common equity by the number of shares outstanding. The Corporation believes that these non-GAAP financial measures provide information to investors that is useful in understanding its financial condition. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies. A reconciliation of these non-GAAP financial measures is provided, provided in the "Non-GAAP Financial Measures" section in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Average Balances, Interest Rates and Yields

The loan categories used to monitor and analyze interest income and yields are different than the portfolio segments used to determine the allowance for credit losses for loans. The allowance for credit losses was calculated by pooling loans of similar credit risk characteristics and credit monitoring procedures. See Note 1, "Summary of Significant Accounting Policies," and Note 4, 3, "Loans Receivable and Allowance for Credit Losses," to the consolidated financial statements for more information about pooling of loans for the allowance for credit losses.

The following table presents average balances of certain measures of our financial condition and net interest margin for the specified years.

		December 31, 2022			December 31, 2021			December 31, 2020				
		Interest			Interest			Interest				
		Average	Annual	Inc./	Average	Annual	Inc./	Average	Annual	Inc./		
		Balance	Rate	Exp.	Balance	Rate	Exp.	Balance	Rate	Exp.		
		December 31, 2023			December 31, 2023			December 31, 2022				
		Average			Interest			Interest				
		Average	Balance		Average	Annual	Inc./	Average	Annual	Inc./	Balance	Interest
		Balance			Balance	Rate	Exp.	Balance	Rate	Exp.	Balance	Average
ASSETS:	ASSETS:											
ASSETS:												
ASSETS:												
Securities:	Securities:											
Securities:												
Securities:												
Taxable (1) (4)												
Taxable (1) (4)	Taxable (1) (4)	\$ 768,959	1.80 %	\$ 14,560	\$ 624,330	1.70 %	\$ 10,500	\$ 505,770	2.35 %	\$ 11,510		
Tax-exempt (1) (2) (4)	Tax-exempt (1) (2) (4)	35,965	2.87	1,080	42,658	3.43	1,403	55,460	3.32	1,772		
Equity securities (1) (2)	Equity securities (1) (2)	8,248	2.13	176	8,136	3.58	291	12,814	5.89	755		
Total securities (4)	Total securities (4)	813,172	1.85	15,816	675,124	1.83	12,194	574,044	2.53	14,037		
Loans receivable:	Loans receivable:											
Commercial (2) (3)												
Commercial (2) (3)	Commercial (2) (3)	1,429,634	5.08	72,684	1,284,750	4.95	63,642	1,230,615	4.80	59,016		
Mortgage (2) (3) (5)	Mortgage (2) (3) (5)	2,355,662	4.78	112,583	2,080,000	4.51	93,738	1,783,980	4.76	84,857		
Consumer (3)	Consumer (3)	112,426	10.48	11,778	101,169	9.98	10,098	100,576	9.71	9,766		
Total loans receivable (3)	Total loans receivable (3)	3,897,722	5.06	197,045	3,465,919	4.83	167,478	3,115,171	4.93	153,639		
Other earning assets	Other earning assets	243,653	1.16	2,112	626,997	0.14	881	402,861	0.21	852		
Total earning assets	Total earning assets	4,954,547	4.30	\$ 214,973	4,768,040	3.79	\$ 180,553	4,092,076	4.14	\$ 168,528		
Noninterest-bearing assets:	Noninterest-bearing assets:											
Cash and due from banks	Cash and due from banks	51,670			48,673			42,001				
Cash and due from banks												
Cash and due from banks												
Premises and equipment												
Premises and equipment												
Premises and equipment	Premises and equipment	89,940			79,807			75,516				
Other assets	Other assets	227,991			199,107			166,511				
Other assets												
Other assets												
Allowance for credit losses												
Allowance for credit losses												
Allowance for credit losses	Allowance for credit losses	(39,935)			(36,727)			(28,962)				
Total noninterest-bearing assets	Total noninterest-bearing assets	329,666			290,860			255,066				

Total noninterest-bearing assets										
Total noninterest-bearing assets										
TOTAL ASSETS										
TOTAL ASSETS										
TOTAL ASSETS	TOTAL ASSETS	\$5,284,213		\$5,058,900		\$4,347,142				
LIABILITIES AND SHAREHOLDERS' EQUITY:	LIABILITIES AND SHAREHOLDERS' EQUITY:									
LIABILITIES AND SHAREHOLDERS' EQUITY:										
LIABILITIES AND SHAREHOLDERS' EQUITY:										
Demand—interest-bearing										
Demand—interest-bearing										
Demand—interest-bearing	Demand—interest-bearing	\$1,061,452	0.20	\$ 2,131	\$ 978,279	0.18	\$ 1,783	\$ 755,200	0.24	\$ 1,781
Savings	Savings	2,383,918	0.54	12,772	2,309,560	0.22	5,164	1,923,214	0.66	12,775
Time	Time	351,272	1.40	4,930	445,488	1.82	8,115	445,408	2.15	9,586
Total interest-bearing deposits	Total interest-bearing deposits	3,796,642	0.52	19,833	3,733,327	0.40	15,062	3,123,822	0.77	24,142
Short-term borrowings	Short-term borrowings	8,793	4.20	369	—	—	—	—	—	—
Long-term borrowings		—	—	—	—	—	220,849	2.04	4,507	
Finance lease liabilities										
Finance lease liabilities	Finance lease liabilities	426	4.69	20	507	4.54	23	587	4.60	27
Subordinated notes and debentures	Subordinated notes and debentures	104,432	3.69	3,857	108,963	4.35	4,735	70,620	5.35	3,780
Total interest-bearing liabilities	Total interest-bearing liabilities	3,910,293	0.62	\$ 24,079	3,842,797	0.52	\$ 19,820	3,415,878	0.95	\$ 32,456
Demand—noninterest-bearing	Demand—noninterest-bearing	847,793			724,839			516,724		
Other liabilities	Other liabilities	70,379			60,202			56,377		
Other liabilities										
Other liabilities										
Total liabilities										
Total liabilities	Total liabilities	4,828,465			4,627,838			3,988,979		
Shareholders' equity	Shareholders' equity	455,748			431,062			358,163		
Shareholders' equity										
Shareholders' equity										
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$5,284,213		\$5,058,900		\$4,347,142				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										
Interest income/Earning assets										
Interest income/Earning assets	Interest income/Earning assets									
Interest income/Earning assets	Interest income/Earning assets									
Interest income/Earning assets	Interest income/Earning assets	4.30 % \$214,973			3.79 % \$180,553			4.14 % \$168,528		
Interest expense/Interest-bearing liabilities	Interest expense/Interest-bearing liabilities	0.62	24,079		0.52	19,820		0.95	32,456	
Net interest spread	Net interest spread	3.68 % \$190,894			3.27 % \$160,733			3.19 % \$136,072		

Interest income/Earning assets	Interest income/Earning assets	4.30 % \$ 214,973	3.79 % \$ 180,553	4.14 % \$ 168,528
Interest expense/Earning assets	Interest expense/Earning assets	0.48 24,079	0.41 19,820	0.80 32,456
Net interest margin (fully tax-equivalent)	Net interest margin (fully tax-equivalent)	3.82 % \$ 190,894	3.38 % \$ 160,733	3.34 % \$ 136,072

(1) Includes unamortized discounts and premiums.

(2) Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the years ended December 31, 2022 December 31, 2023, 2022, and 2021 and 2020 were \$997 thousand, \$1.2 million, and \$953 thousand, and \$1.4 million, respectively.

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

(4) Average balance is computed using the fair value of AFS debt securities and amortized cost of HTM debt securities. Average yield has been computed using amortized cost average balance for AFS and HTM debt securities. The adjustment to the average balance for securities in the calculation of average yield for the years ended December 31, 2022 December 31, 2023, 2022, and 2021 and 2020 were \$(61.1) million, \$(40.3) million \$9.9 million and \$18.9 million \$9.9 million, respectively.

(5) Includes loans held for sale.

Volume Analysis of Changes in Net Interest Income

The following table presents the change in net interest income for the years specified.

Net Interest Income Rate- Volume Variance	For Twelve Months Ended December 31, 2022 over (under) 2021 Due to Change In (1)			For Twelve Months Ended December 31, 2021 over (under) 2020 Due to Change In (1)				
	Volume	Rate	Net	Volume	Rate	Net		
	Analysis of Year-to-Year Changes in Net Interest Income							
2023 compared to. 2022						Analysis of Year-to-Year Changes in Net Interest Income		
Increase (Decrease)				2023 compared to. 2022		2022 compared to. 2021		
Due to Change in (1)								
Volume				Rate		Net		
Volume				Volume		Rate		
Volume						Net		
Assets	Assets							
Assets								
Assets								
Securities:	Securities:							
Securities:								
Securities:								
Taxable	Taxable	\$ 3,291	\$ 769	\$ 4,060	\$ 2,278	\$ (3,288) \$ (1,010)		
Tax-Exempt	Tax-Exempt	(2)	(122)	(201)	(323)	(430) 61 (369)		
Equity	Equity							
Securities (2)	Securities (2)	5	(120)	(115)	(168)	(296) (464)		
Total	Total							
Securities	Securities	3,174	448	3,622	1,680	(3,523) (1,843)		
Loans:	Loans:							
Commercial (2)								
Commercial (2)								
Commercial	Commercial	(2)	7,183	1,859	9,042	2,780 1,846 4,626		
Mortgage (2)	Mortgage (2)	12,485	6,360	18,845	13,341	(4,460) 8,881		

⁽¹⁾ The change in interest due to both volume and rate have been allocated entirely to volume changes.

⁽²⁾ Changes in interest income on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the year ended December 31, 2022 December 31, 2023 and 2021, 2022.

Results of Operations

Year Ended **December 31, 2022** December 31, 2023 vs. Year Ended **December 31, 2021** December 31, 2022

Overview of the Statements of Income and Comprehensive Income

Net income available to common shareholders ("earnings") was \$53.7 million, or \$2.55 per diluted share, for the year ended December 31, 2023, compared to earnings of \$58.9 million, or \$3.26 per diluted share, for the twelve months year ended December 31, 2022. The decrease in diluted earnings per share in the year ended December 31, 2023 was primarily due to the rise in deposit costs year over year, as well as the dilutive effect of the Corporation's common stock offering completed in September 2022, which resulted in the issuance of over 4.2 million shares of common stock, an increase of approximately 25% in total common shares outstanding. In addition, during the year ended December 31, 2023, the Corporation repurchased 326,459 common shares at a weighted average price per share of \$20.08, compared to repurchases of 50,166 common shares at a weighted average price per share of \$26.75 during the year ended December 31, 2022. PPNR, a non-GAAP measure, was \$77.8 million for the year ended December 31, 2023, compared to \$86.8 million for the year ended December 31, 2022. The decrease in PPNR for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by the increase in deposit costs combined with the growth in technology expenses due to investments in applications aimed at enhancing both customer relationship management and customer online experience, as well as expanding service delivery channels. In addition, the Corporation had a year-over-year decrease in non-interest income as a result of lower pass-through income from small business investment companies ("SBICs").

Return on average equity was 10.54% for the year ended December 31, 2023, compared to 13.86% for the year ended December 31, 2022. Return on average tangible common equity, a non-GAAP measure, was 11.98% for the year ended December 31, 2023, compared to 16.64% for the year ended December 31, 2022.

The Corporation's efficiency ratio was 65.13% for the year ended December 31, 2023, compared to 61.32% for the year ended December 31, 2022. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 64.45% for the year ended December 31, 2023, compared to 60.87% the year ended December 31, 2022. The increase was primarily the result of rising deposit costs coupled with higher occupancy costs and technology expenses.

Interest Income and Expense

Net interest income of \$189.8 million for the year ended December 31, 2023, compared to \$189.7 million for the year ended December 31, 2022. The increase of \$170 thousand, or 0.09%, was primarily due to loan growth and the benefits of the impact of rising interest rates resulting in greater income on variable-rate loans and new loan production, which was substantially offset by an increase in the Corporation's interest expense as a result of both (i) targeted interest-bearing deposit rate increases to ensure both deposit growth and retention, and (ii) a year-over-year increase in the average balance of short-term borrowings through the FHLB. In addition, as previously mentioned, net interest income for the year ended December 31, 2023 included \$1.4 million in nonrecurring interest income related primarily to payoffs in the syndicated loan portfolio.

Net interest margin was 3.63% and 3.83% for the years ended December 31, 2023 and 2022, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.61% and 3.82% for the years ended December 31, 2023 and 2022, respectively. Included in the net interest margin and the net interest margin on a fully tax-equivalent basis for the year ended December 31, 2023 was approximately \$1.4 million, or three basis points, in one-time realized interest income related primarily to payoffs in the syndicated loan portfolio.

The yield on earning assets for the year ended December 31, 2023 was 5.57%, an increase of 127 basis points from December 31, 2022. The increase was primarily a result of loan growth and the net benefit of higher interest rates on both variable-rate loans and new loan production. The yield on earning assets for the year ended December 31, 2023 included the previously mentioned \$1.4 million, or three basis points, in one-time syndicated loan interest income.

Provision for Credit Losses

The Corporation recorded a provision for credit losses of \$6.0 million in 2023 compared to \$8.6 million in 2022. Included in the provision for credit losses for the year ended December 31, 2023, was a \$156 thousand expense related to the allowance for unfunded commitments compared to \$603 thousand for the year ended December 31, 2022. The \$2.6 million reduction in the provision expense for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily a result of the lower loan portfolio growth. Net loan charge-offs were \$3.4 million during the year ended December 31, 2023, compared to \$2.1 million during the year ended December 31, 2022. As disclosed in "Allowance for Credit Losses" discussion above, management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, reasonable and supportable forecasts, and other significant qualitative and quantitative factors.

Management believes the charges to the provision for credit losses in 2023 were appropriate and the allowance for credit losses was adequate to absorb losses in the loan portfolio at December 31, 2023.

Non-Interest Income

Total non-interest income was \$33.3 million for the year ended December 31, 2023, compared to \$34.8 million for the year ended December 31, 2022. During the year ended December 31, 2023, notable changes compared to the year ended December 31, 2022 included lower net realized gains on the sale of AFS debt securities, lower mortgage banking income from reduced mortgage loan production volume in the higher-rate environment, lower level of full-year bank owned life insurance income and pass-through income from SBICs, partially offset by an increase in card processing and interchange income and a favorable variance in unrealized losses on equity securities.

Non-Interest Expense

For the year ended December 31, 2023, total non-interest expense was \$145.3 million, compared to \$137.6 million for the year ended December 31, 2022. The increase of \$7.7 million, or 5.61%, from the year ended December 31, 2022 was primarily a result of higher occupancy costs combined with higher technology expenses. In addition, other non-interest expenses increased primarily due to business generation related expenses and consulting fees. Furthermore, full-year base-salary and related benefit increases, intended to account for inflationary merit increases and the addition of personnel to staff new offices in 2023, were substantially offset by an approximately \$8.1 million reduction in incentive-related expenses.

Year Ended December 31, 2022 vs. Year Ended December 31, 2021

Overview of the Statements of Income and Comprehensive Income

Earnings were \$58.9 million, or \$3.26 per diluted share, for the year ended December 31, 2022, compared to \$53.4 million, or \$3.16 per diluted share, for the twelve months year ended December 31, 2021, reflecting increases of \$5.5 million, or 10.3%, and \$0.10 per diluted share, or 3.2%. The 2022 full-year earnings per share was partially impacted by the effect of the Corporation's common stock offering completed in September of 2022, resulting in the issuance of 4,257,446 shares of common stock at \$23.50 per share and net proceeds of \$94.1 million after deducting the underwriting discount and customary offering expenses. PPNR, a non-GAAP measure, was \$86.8 million for the year ended December 31, 2022, compared to \$76.8 million for the year ended December 31, 2021, reflecting an increase of \$10.0 million, or 13.1%. The increase in PPNR for the year ended December 31, 2022 was primarily driven by growth in loans and expansion of the Corporation's net interest margin.

Return on average equity was 13.86% for the year ended December 31, 2022, compared to 13.39% for the year ended December 31, 2021. Return on average tangible common equity, a non-GAAP measure, was 16.64% and 16.23% for the same periods in 2022 and 2021, respectively.

The Corporation's efficiency ratio was 61.32% and 61.87% for the twelve and three months year ended December 31, 2022, respectively, compared to 60.26% and 63.68% for the twelve and three months year ended December 31, 2021, respectively. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 60.87% and 61.40% for the twelve and three months year ended December 31, 2022, respectively, compared to 59.76% and 63.19% for the twelve and three months year ended December 31, 2021, respectively. The increase for the twelve months year ended December 31, 2022 was primarily a result of expected increasing costs associated with the Corporation's expanding franchise investments into the Cleveland, Ohio and Southwest Virginia markets, coupled with its continued strategic investments in technologies focused on customer sales management and connectivity capabilities.

Interest Income and Expense

Net interest income of \$189.7 million for the year ended December 31, 2022 increased \$29.9 million, or 18.7%, from the year ended December 31, 2021, primarily as a result of loan growth throughout 2022 and the benefits of the impact of rising interest rates in 2022 resulting in greater income on variable-rate loans, coupled with net growth in the Corporation's investment portfolio. Included in net interest income were PPP-related fees, which totaled approximately \$1.9 million for the year ended December 31, 2022, compared to \$8.7 million for the year ended December 31, 2021.

Net interest margin was 3.83% and 3.35% for the twelve months years ended December 31, 2022 and 2021, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.82% and 3.38% for the twelve months years ended December 31, 2022 and 2021, respectively.

The yield on earning assets of 4.30% for the year ended December 31, 2022 increased 51 basis points from 3.79% for the year ended December 31, 2021, primarily as a result of loan growth, the repricing of variable rate loans, and the Corporation's redeployment of excess cash at the Federal Reserve to investment securities, partially offset by lower PPP-related fees in 2022 compared to 2021. The cost of interest-bearing liabilities increased 10 basis points from 0.52% for the year ended December 31, 2021 to 0.62% for the year ended December 31, 2022, primarily as a result of the Corporation's targeted interest-bearing deposit rate increases.

Provision for Credit Losses

The Corporation recorded a provision for credit losses of \$8.6 million in 2022 compared to \$6.0 million in 2021. Included in the provision for credit losses for the year ended December 31, 2022 was \$603 thousand expense related to the allowance for unfunded commitments compared to no accrual towards the allowance for unfunded commitments for the year ended December 31, 2021. Net loan charge-offs were \$2.1 million during the year ended December 31, 2022, compared to \$2.8 million during the year ended December 31, 2021. As disclosed in "Allowance for Credit Losses" discussion above, management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, reasonable and supportable forecasts, and other significant qualitative and quantitative factors.

Management believes the charges to the provision for credit losses in 2022 were appropriate and the allowance for credit losses was adequate to absorb losses in the loan portfolio at December 31, 2022.

Non-Interest Income

Total non-interest income was \$34.8 million for the year ended December 31, 2022, representing an increase of \$1.3 million, or 4.0%, from the same period in 2021. Included in non-interest income for the years ended December 31, 2022 and 2021 was \$651 thousand and \$783 thousand, respectively, in net realized gains on AFS debt securities. Non-interest

income excluding net realized gains on AFS debt securities, a non-GAAP measure, for the year ended December 31, 2022 and the year ended December 31, 2021, increased \$1.5 million, or 4.5%, from the same period in 2021. During the year ended December 31, 2022, Wealth and Asset Management fees increased \$432 thousand, or 6.4%, compared to the year ended December 31, 2021, as the Corporation benefited from an increased number of wealth management relationships. Other notable increases during the year ended December 31, 2022 included increased income from service charges on deposits, other service charges and fees, pass-through income from small business investment companies ("SBICs") SBICs and bank owned life insurance mostly due to an \$883 thousand gain resulting from death benefit proceeds. These were partially offset by unrealized losses on equity securities and decreased mortgage banking activity.

Non-Interest Expense

For the year ended December 31, 2022, total non-interest expense was \$137.6 million, reflecting an increase of \$21.2 million, or 18.2%, from the year ended December 31, 2021, primarily as a result of (i) expansion of the Corporation's workforce in its growth regions of Cleveland, Ohio, Southwest Virginia, and Rochester, New York, (ii) increased investments in technology aimed at both enhancing both customer experience and expanding service delivery channels, and (iii) the Corporation's sales management and increased legal and professional expenses.

Year Ended December 31, 2021 vs. Year Ended December 31, 2020

Overview of the Statements of Income and Comprehensive Income

Earnings were \$53.4 million, or \$3.16 per diluted share, for the year ended December 31, 2021, compared to \$31.6 million, or \$1.97 per diluted share, for the year ended December 31, 2020, reflecting increases of \$21.8 million, or 69.0%, and \$1.19 per diluted share, or 60.4%. The primary drivers of the increase in net income were the growth in earning assets and PPP related fees. In addition, included in net income for the year ended December 31, 2020 was the after-tax impact of \$10.2 million, or \$0.63 per diluted share, in merger costs, FHLB prepayment penalties and branch closure costs. Partially offsetting were the growth in operating expenses to support the Corporation's growth, as well as a lower net interest margin as a result of the low interest rate environment. PPNR, a non-GAAP measure, was \$76.8 million, for the year ended December 31, 2021, compared to \$55.4 million for the year ended December 31, 2020, reflecting an increase of \$21.3 million, or 38.5%. Included in PPNR for the year ended December 31, 2020 was \$12.6 million in merger costs, prepayment penalties and branch closure costs.

Return on average equity was 13.39% for the year ended December 31, 2021, compared to 9.14% for the year ended December 31, 2020. Return on average tangible common equity, a non-GAAP measure, was 16.23% and 10.67% for the same periods in 2021 and 2020, respectively. Excluding after-tax merger costs, FHLB prepayment penalties and branch closure costs, adjusted return on average equity and average tangible common equity were 11.98% and 14.10% for the year ended December 31, 2020, respectively.

As a measure of the Corporation's efficiency in management of its expenses, the efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 59.76% for the year ended December 31, 2021, compared to 65.10% for the year ended December 31, 2020. The efficiency ratio for the year ended December 31, 2020 included \$12.6 million in merger costs, FHLB prepayment penalties and branch closure costs.

Interest Income and Expense

Net interest income for the year ended December 31, 2021 increased \$25.1 million, or 18.6%, to \$159.8 million from the year ended December 31, 2020, primarily as a result of loan growth, various deposit pricing and liquidity strategies. Included in net interest income were PPP-related fees, which totaled approximately \$8.7 million for the year ended December 31, 2021, compared to \$5.1 million for the year ended December 31, 2020.

Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.38% and 3.34% for the year ended December 31, 2021 and 2020, respectively.

The yield on earning assets of 3.79% for the year ended December 31, 2021 decreased 35 basis points from 4.14% for the year ended December 31, 2020, primarily as a result of the lower interest rate environment and higher level of excess cash at the Federal Reserve, partially offset by higher PPP-related fees. The cost of interest-bearing liabilities decreased 43 basis points from 0.95% for the year ended December 31, 2020 to 0.52% for the year ended December 31, 2021, primarily as a result of the Corporation's targeted deposit rate reductions and the prepayment of the Corporation's remaining FHLB borrowings, which were approximately \$160 million at a weighted average interest rate of 2.24%, in the fourth quarter of 2020.

Provision for Credit Losses

The Corporation recorded a provision for credit losses of \$6.0 million in 2021 compared to \$15.4 million in 2020. Net loan charge-offs were \$2.8 million during the year ended December 31, 2021, compared to \$6.4 million during the year ended December 31, 2020. As disclosed in "Allowance for Credit Losses" discussion above, management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts, and other significant qualitative and quantitative factors.

Management believes the charges to the provision for credit losses in 2021 were appropriate and the allowance for credit losses was adequate to absorb losses in the loan portfolio at December 31, 2021.

Non-Interest Income

Total non-interest income was \$33.4 million for the year ended December 31, 2021 compared to \$28.1 million from the same period in 2020, reflecting an increase of \$5.4 million, or 19.2%. Included in non-interest income for the year ended December 31, 2021 and 2020 were \$783 thousand and \$2.2 million, respectively, in net realized gains on AFS securities. Non-interest income excluding net realized gains on AFS securities, a non-GAAP measure, for the year ended December 31, 2021, increased \$6.8 million, or 26.2%, from the same period in 2020. The increase was partially driven by growth in Wealth and Asset Management fees, as assets under management increased by \$135.2 million, or 11.9%, from December 31, 2020, to \$1.3 billion as of December 31, 2021. Other significant factors that contributed to the increase included income from investments in SBICs, card processing and interchange income and service charges on deposits from increased business activity as well as an increase in bank owned life insurance income.

Non-Interest Expense

For the year ended December 31, 2021, total non-interest expense was \$116.4 million, reflecting an increase of \$9.1 million, or 8.5%, from the year ended December 31, 2020. Included in non-interest expense for the year ended December 31, 2020 was \$12.6 million in merger costs, prepayment penalties and branch closure costs. In addition, non-interest expense for the year ended December 31, 2021 included expenses related to hiring additional personnel in the Corporation's growth regions of Cleveland, Buffalo and Ridge View (Roanoke) as well as investments in technology aimed at enhancing customer experience. Also, included in the fourth quarter 2021 is approximately \$2.3 million in additional personnel costs primarily from increased incentive compensation accruals and certain retirement benefit expenses.

Income Tax Expense

Income tax expense was \$13.8 million in 2023, compared to \$15.0 million in 2022 compared to and \$13.1 million in 2021 and \$7.3 million in 2020. The effective tax rates were 19.2%, 18.5% 19.2%, and 18.3% 18.5% for 2023, 2022, 2021, and 2020, 2021, respectively. The effective tax rate for the periods differed from the federal statutory rate of 21.0% principally as a result of tax-exempt income from securities and loans as well as earnings from bank owned life insurance. Included in the 18.3% effective tax rate for the year ended December 31, 2020 were merger costs, FHLB prepayment penalties and branch closure costs, all of which reduced the effective tax rate.

Off-Balance Sheet Arrangements

Assets under management and assets under custody are held in fiduciary or custodial capacity for the Corporation's clients. In accordance with U.S. generally accepted accounting principles, GAAP, these assets are not included on the Corporation's balance sheet.

The Corporation is also party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of the Corporation's clients. These financial instruments include commitments to extend credit and standby letters of credit. Further discussion of these commitments is included Note 20, 18, "Off-Balance Sheet Commitments and Contingencies."

Critical Accounting Policies and Estimates

The Corporation's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. GAAP and follow general practices within the industries in which the Corporation operates. The most significant accounting policies used by the Corporation are presented in Note 1, "Summary of Significant Accounting Policies," to the consolidated financial statements. Application of these principles requires management to make estimates or judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates or judgments. In management's opinion, some of these estimates and assumptions have a more significant impact than others on the Corporation's financial reporting. For the Corporation, these estimates and assumptions include accounting for the allowance for credit losses and goodwill.

Allowance for Credit Losses

The Corporation's allowance for credit losses is a critical accounting policy that requires the most significant judgments and estimates used in preparation of its consolidated financial statements. In determining the appropriate estimate for the allowance for credit losses, management considers a number of factors relative to both individually evaluated credits in the loan portfolio and macro-economic factors relative to the economy of the U.S. as a whole and the economies of the areas in which the Corporation does business.

Management performs a quarterly evaluation of the adequacy of the allowance for credit losses. Management considers a variety of factors in establishing this estimate. This evaluation is inherently subjective as it requires material estimates by management that may be susceptible to significant change based on changes in economic and real estate market conditions.

The evaluation is comprised of specific and pooled components. The specific component is the Corporation's evaluation of credit loss on individually evaluated loans based on the fair value of the collateral less estimated selling costs if collateral dependent or based on the present value of expected future cash flows discounted at the loan's initial effective interest rate if not collateral dependent. The majority of the Corporation's loans subject to individual evaluation are considered collateral dependent. All other loans are evaluated collectively for credit loss by pooling loans based on similar risk characteristics.

As a significant percentage of the Corporation's loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the charge-offs for specific loans. Assumptions are instrumental in determining the value of properties. Overly optimistic assumptions or negative changes to assumptions could significantly affect the valuation of a property securing a loan and the related allowance determined. Management carefully reviews the assumptions supporting such appraisals to determine that the resulting values reasonably reflect amounts realizable on the related loans.

The pooled component of the evaluation is determined by applying reasonable and supportable economic forecasts and historical averages to the remaining loans segmented by similar risk characteristics. The key assumptions used in projecting future loss rates include the economic forecast, the forecast and reversion to mean time periods, and prepayment and curtailment assumptions. The assumptions are used to calculate and aggregate estimated cash flows for the time period that remains in each loan's contractual life. The cash flows are discounted back to the balance sheet date using each loan's effective yield, to arrive at a present value of future cash flows, which is compared to the amortized cost basis of the loan pool to determine the amount of allowance for credit loss required by the calculation.

One of the most significant judgments used in projecting loss rates when estimating the allowance for credit loss is the macro-economic forecast provided by a third party. The economic indices sourced from the macro-economic forecast and used in projecting loss rates are national unemployment rate and changes in home values. The economic index used in the calculation to which the calculation is most sensitive is the national unemployment rate. Changes in the macro-economic forecast, especially for the national unemployment rate, could significantly impact the calculated estimated credit losses between reporting periods.

Other key assumptions in the calculation of the allowance for credit loss include the forecast and reversion to mean time periods and prepayment and curtailment assumptions. The macro-economic forecast is applied for a reasonable and supportable time period before reverting to long-term historical averages for each economic index. The forecast and reversion to mean time period used for each economic index at **December 31, 2022** **December 31, 2023** were four quarters and eight quarters, respectively. Prepayment and curtailment assumptions are based on the Corporation's historical experience over the trailing 12 months and are adjusted by management as deemed necessary. The prepayment and curtailment assumptions vary based on segment.

The quantitative estimated losses are supplemented by more qualitative factors that impact potential losses. Qualitative factors include changes in underwriting standards, changes in environmental conditions, delinquency level, segment growth rates and changes in duration within new markets, or other relevant factors. The allowance for credit loss may be materially affected by these qualitative factors, especially during periods of economic uncertainty, for items not reflected in the lifetime credit loss calculation, but which are deemed appropriate by management's current assessment of the risks related to the loan portfolio and/or external factors. The qualitative factors applied at **December 31, 2022** **December 31, 2023**, and the importance and levels of the qualitative factors applied, may change in future periods depending on the level of changes to items such as the uncertainty of economic conditions and management's assessment of the level of credit risk within the loan portfolio as a result of such changes, compared to the amount of allowance for credit loss calculated by the model. The evaluation of qualitative factors is inherently imprecise and requires significant management judgment.

While management utilizes its best judgment and information available, the adequacy of the allowance for credit loss is determined by certain factors outside of the Corporation's control, such as the performance of the Corporation's portfolios, changes in the economic environment including economic uncertainty, changes in interest rates, and the view of the regulatory authorities toward classification of assets and the level of allowance for credit loss. Additionally, the level of allowance for credit loss may fluctuate based on the balance and mix of the loan portfolio. If actual results differ significantly from management's assumptions, the Corporation's allowance for credit loss may not be sufficient to cover inherent losses in the Corporation's loan portfolio, resulting in additions to the Corporation's allowance for credit loss and an increase in the provision for credit losses.

Fair Value Measurements

The Corporation uses fair value measurements to record certain financial instruments and to determine fair value disclosures. **Equity securities**, **AFS debt securities**, mortgage loans held for sale, and interest rate swap agreements are financial instruments recorded at fair value on a recurring basis. Additionally, from time to time, the Corporation may be required to record at fair value other financial assets on a nonrecurring basis. These nonrecurring fair value adjustments typically involve write-downs of, or specific reserves against, individual assets. GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used in the measurement are observable or unobservable. Observable inputs reflect market-driven or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market data. For financial instruments that trade actively and have quoted market prices or observable market data, there is minimal subjectivity involved in measuring fair value. When observable market prices and data are not fully available, management judgment is necessary to estimate fair value. In addition, changes in the market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, we use valuation techniques that require more management judgment to estimate the appropriate fair value measurement. Fair value is discussed further in Note 1, "Summary of Significant Accounting Policies" and in Note **6, 4**, "Fair Value Measurements." **Value**".

Goodwill

Certain intangible assets generated in connection with acquisitions are periodically assessed for impairment. Goodwill is tested at least annually for impairment, and if certain events occur which indicate goodwill might be impaired between annual tests, goodwill must be tested when such events occur. In making this assessment, the Corporation considers a number of factors including operating results, business plans, economic projections, anticipated future cash flows, current market data, stock price, etc. There are inherent uncertainties related to these factors and the Corporation's judgment in applying them to the analysis of goodwill impairment. Future changes in economic and operating conditions could result in goodwill impairment in subsequent periods.

Non-GAAP Financial Measures

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

	December 31,	December 31,
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	2022	2021
Calculation of tangible book value per common share and tangible common equity / tangible assets (non-GAAP):		
Shareholders' equity	\$ 530,762	\$ 442,847
Less: preferred equity	57,785	57,785
Common shareholders' equity	472,977	385,062
Less: goodwill	43,749	43,749
Less: core deposit intangible	364	460
Tangible common equity (non-GAAP)	\$ 428,864	\$ 340,853
Total assets	\$ 5,475,179	\$ 5,328,939
Less: goodwill	43,749	43,749
Less: core deposit intangible	364	460
Tangible assets (non-GAAP)	\$ 5,431,066	\$ 5,284,730
Ending shares outstanding	21,121,346	16,855,062
Book value per common share (GAAP)	\$ 22.39	\$ 22.85
Tangible book value per common share (non-GAAP)	\$ 20.30	\$ 20.22
Common shareholders' equity / Total assets (GAAP)	8.64 %	7.23 %
Tangible common equity / Tangible assets (non-GAAP)	7.90 %	6.45 %

	December 31, 2022	December 31, 2021
Calculation of allowance for credit losses / total loans, net of PPP-related loans (non-GAAP):		
Total allowance for credit losses	\$ 43,436	\$ 37,588
Total loans	\$ 4,275,178	\$ 3,634,792
Less: PPP-related loans	159	45,203
Adjusted total loans, net of PPP-related loans (non-GAAP)	\$ 4,275,019	\$ 3,589,589
Allowance for credit losses / total loans (GAAP)	1.02 %	1.03 %
Adjusted allowance for credit losses / total loans, net of PPP-related loans (non-GAAP)	1.02 %	1.05 %

	December 31, 2023	December 31, 2022
Calculation of tangible book value per common share and tangible common equity / tangible assets (non-GAAP):		
Shareholders' equity	\$ 571,247	\$ 530,762
Less: preferred equity	57,785	57,785
Common shareholders' equity	513,462	472,977
Less: goodwill and other intangibles	43,874	43,749
Less: core deposit intangible	280	364
Tangible common equity (non-GAAP)	\$ 469,308	\$ 428,864
Total assets	\$ 5,752,957	\$ 5,475,179
Less: goodwill and other intangibles	43,874	43,749
Less: core deposit intangible	280	364
Tangible assets (non-GAAP)	\$ 5,708,803	\$ 5,431,066
Ending shares outstanding	20,896,439	21,121,346
Book value per common share (GAAP)	\$ 24.57	\$ 22.39
Tangible book value per common share (non-GAAP)	\$ 22.46	\$ 20.30
Common shareholders' equity / Total assets (GAAP)	8.93 %	8.64 %
Tangible common equity / Tangible assets (non-GAAP)	8.22 %	7.90 %

Years Ended	
Twelve Months Ended	
December 31,	
Years Ended	
2022	2021
Years Ended	
December 31,	
2023	
2023	
2023	
2022	
Calculation of net interest margin:	
Interest income	
Interest income	
Interest income	\$ 213,738
Interest income	\$ 179,600
Interest expense	24,079
Interest expense	19,820
Net interest income	Net interest income
Net interest income	\$ 189,659
Net interest income	\$ 159,780
Average total assets	Average total assets
Average total assets	\$4,954,547
Average total assets	\$4,768,040
Average total earning assets	
Average total earning assets	
Net interest margin (GAAP) (annualized)	3.83 %
Net interest margin (GAAP) (annualized)	3.35 %
Net interest margin (GAAP)	
Net interest margin (GAAP)	
Net interest margin (GAAP)	
Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):	3.63 %
Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):	3.83 %
Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):	
Interest income	

Interest income			
Interest income	Interest income	\$ 213,738	\$ 179,600
Tax equivalent adjustment	Tax equivalent adjustment		
(non-GAAP)	(non-GAAP)	1,235	953
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	Adjusted interest income (fully tax equivalent basis) (non-GAAP)	214,973	180,553
Interest expense	Interest expense	24,079	19,820
Net interest income (fully tax equivalent basis) (non-GAAP)	Net interest income (fully tax equivalent basis) (non-GAAP)	\$ 190,894	\$ 160,733
Average total earning assets	Average total earning assets	\$4,954,547	\$4,768,040
Average total earning assets			
Less: average mark to market adjustment on investments (non-GAAP)	Less: average mark to market adjustment on investments (non-GAAP)	(40,271)	9,879
Adjusted average total earning assets, net of mark to market (non-GAAP)	Adjusted average total earning assets, net of mark to market (non-GAAP)	\$4,994,818	\$4,758,161
Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)			
		3.82 %	3.38 %
Net interest margin, fully tax equivalent basis (non-GAAP)			
Net interest margin, fully tax equivalent basis (non-GAAP)			

Net interest margin, fully tax equivalent basis (non-GAAP)	3.61	%	3.82	%
Years Ended				
Twelve Months Ended				
December 31,				
Years Ended				
2022	2021			
Years Ended				
December 31,				December 31,
2023				
2023				
2023				2022
Calculation of PPNR (non-GAAP): (1)				
Calculation of PPNR (non-GAAP): (1)				
Calculation of PPNR (non-GAAP): (1)				
Net interest income				
Net interest income				
Net interest income	\$ 189,659		\$ 159,780	
Add: Non-interest income	34,766		33,434	
Less: Non-interest expense	137,622		116,433	
PPNR (non-GAAP)	\$ 86,803		\$ 76,781	
(1) Management believes that this is an important metric as it illustrates the underlying performance of the Corporation, it enables investors and others to assess the Corporation's ability to generate capital to cover credit losses through the credit cycle and provides consistent reporting with a key metric used by bank regulatory agencies.				
(2) Management believes that this is an important metric as it illustrates the underlying performance of the Corporation, it enables investors and others to assess the Corporation's ability to generate capital to cover credit losses through the credit cycle and provides consistent reporting with a key metric used by bank regulatory agencies.				

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

Years Ended		Twelve Months Ended		Years Ended	
		December 31,			
		Years Ended			
		2022	2021		
Years Ended					
December 31,				December 31,	
		2023			
		2023			
		2023		2022	
Calculation of efficiency ratio:	Calculation of efficiency ratio:				
Non-interest expense	Non-interest expense	\$ 137,622	\$ 116,433		
Non-interest expense	Non-interest expense				
Non-interest income	Non-interest income				
Non-interest income	Non-interest income				
Non-interest income	Non-interest income	\$ 34,766	\$ 33,434		
Net interest income	Net interest income	189,659	159,780		
Total revenue	Total revenue	\$224,425	\$193,214		
Efficiency ratio	Efficiency ratio	61.32 %	60.26 %	65.13 %	61.32 %
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):	Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):				
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):	Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):				
Non-interest expense	Non-interest expense				
Non-interest expense	Non-interest expense				
Non-interest expense	Non-interest expense	\$ 137,622	\$ 116,433		

Less: core deposit intangible amortization	Less: core deposit intangible amortization	96	107
Adjusted non-interest expense (non- GAAP)	Adjusted non-interest expense (non- GAAP)	\$137,526	\$116,326
Non-interest income	Non-interest income		
income	income	\$ 34,766	\$ 33,434
Non-interest income	Non-interest income		
Net interest income	Net interest income		
Net interest income	Net interest income		
income	income	189,659	159,780
Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	5,011	4,973
Add: tax exempt investment and loan income (fully tax equivalent basis) (non- GAAP)	Add: tax exempt investment and loan income (fully tax equivalent basis) (non- GAAP)	6,509	6,416
Adjusted net interest income (fully tax equivalent basis) (non- GAAP)	Adjusted net interest income (fully tax equivalent basis) (non- GAAP)	191,157	161,223
Adjusted net revenue (fully tax equivalent basis) (non- GAAP)	Adjusted net revenue (fully tax equivalent basis) (non- GAAP)	\$225,923	\$194,657
Efficiency ratio (fully tax equivalent basis) (non- GAAP)	Efficiency ratio (fully tax equivalent basis) (non- GAAP)	60.87 %	59.76 %
Efficiency ratio (fully tax equivalent basis) (non- GAAP)	Efficiency ratio (fully tax equivalent basis) (non- GAAP)		

Efficiency ratio (fully tax equivalent basis) (non-GAAP)	64.45	%	60.87	%
Years Ended				
Twelve Months Ended				
December 31,				
Years Ended				
2022	2021			
Years Ended				
December 31,				December 31,
2023				
2023				
2023				
Calculation of return on average tangible common equity (non-GAAP):	Calculation of return on average tangible common equity (non-GAAP):			
Net income				
Net income				
Net income	Net income	\$ 63,188	\$ 57,707	
Less: preferred stock dividends	Less: preferred stock dividends			
Net income available to common shareholders	Net income available to common shareholders	\$ 58,886	\$ 53,405	
Average shareholders' equity	Average shareholders' equity	\$ 455,748	\$ 431,062	
Average shareholders' equity				
Average shareholders' equity				
Less: average goodwill & intangibles	Less: average goodwill & intangibles			
Net income available to common shareholders	Net income available to common shareholders	\$ 353,800	\$ 329,012	
Return on average equity (GAAP) (annualized)	13.86 %	13.39 %		
Return on average common equity (GAAP) (annualized)	12.92 %	12.39 %		
Return on average tangible common equity (non-GAAP) (annualized)	16.64 %	16.23 %		
Return on average equity (GAAP)				

Return on average equity (GAAP)				
Return on average equity (GAAP)	10.54	%	13.86	%
Return on average common equity (GAAP)				
Return on average tangible common equity (non-GAAP)	9.76	%	12.92	%
Return on average common equity (GAAP)				
Return on average tangible common equity (non-GAAP)	11.98	%	16.64	%

		Years Ended		
		Twelve Months Ended		
		December 31,		
		Years Ended		
		2022	2021	
		Years Ended		
		December 31,		December 31,
		2023		
		2023		
		2023		2022
Calculation of non-interest income excluding net realized gains on available-for-sale securities (non-GAAP):	Calculation of non-interest income excluding net realized gains on available-for-sale securities (non-GAAP):			
Non-interest income	Non-interest income			
Non-interest income	Non-interest income			
income	income	\$34,766	\$33,434	
Less: net realized gains on available-for-sale securities	Less: net realized gains on available-for-sale securities	651	783	
Adjusted non-interest income (non-GAAP)	Adjusted non-interest income (non-GAAP)	\$34,115	\$32,651	

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The disclosures set forth in this item are qualified by Item 1A. Risk Factors and the section captioned "Forward-Looking Statements and Factors that Could Affect Future Results" included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this report, and other cautionary statements set forth elsewhere in this report.

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

The principal purpose Corporation's interest rate risk measurement philosophy focuses on maintaining an appropriate balance between the theoretical and the practical, especially given that the primary objective of the Corporation's overall asset/liability management process is to maximize current and future net interest income within acceptable levels assess the level of interest rate risk while satisfying liquidity and capital requirements. Net interest income is enhanced by increasing in the net interest margin and Corporation's balance sheet. Therefore, the growth in earning assets. As Corporation models a result, the primary goal set of interest rate risk management scenarios capturing the financial effects of a range of plausible rate scenarios. The collective impact of these scenarios is designed to maintain a balance between risk enable the Corporation to understand the nature and reward extent of its sensitivity to interest rate changes. Doing so necessitates an assessment of rate changes over varying time horizons and of varying/sufficient degrees such that net interest income is maximized while risk is maintained at an acceptable level. the impact of embedded options within the balance sheet are sufficiently examined.

The Corporation uses an asset-liability management model to measure the effect of interest rate changes on has designed its net interest income. The Corporation's management also reviews asset-liability maturity gap and repricing analyses regularly. The Corporation does not always attempt to achieve a precise match between interest sensitive assets and liabilities because it believes that an actively managed amount of interest rate risk is inherent measurement activities to include the following core elements: (i) interest rate ramps and appropriate shocks, (ii) parallel and non-parallel yield curve shifts, and (iii) a set of alternative rate scenarios, the nature of which change based upon prevailing market conditions.

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

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

Asset-liability modeling techniques and simulation involve IRR considerations include inherent assumptions and estimates, that inherently cannot be measured with precision. Key assumptions in these analyses include including the maturity and repricing characteristics of assets and liabilities, prepayments on amortizing assets, non-maturing deposit sensitivity, and loan and deposit pricing. These assumptions are inherently uncertain subject to uncertainty due to the timing, magnitude, and frequency of rate changes, and changes in market conditions, and management strategies, among other factors. However, strategies.

The following table demonstrate the analyses are useful annualized result of an interest rate simulation and the estimated effect that a parallel interest rate shift, or "shock," in quantifying risk the yield curve and provide a relative gauge of subjective adjustments in deposit pricing might have on the Corporation's interest rate risk position over time.

Management reviews interest rate risk on a quarterly basis and reports to the ALCO. This review includes earnings shock scenarios whereby interest rates are immediately increased and decreased by 100, 200, 300, and 400 basis points. These scenarios, detailed in the table below, indicate that there would not be a significant variance in projected net interest income over a one-year period due the next 12 months. This simulation assumes that there is no growth in interest-earning assets or interest-bearing liabilities over the next 12 months. The changes to net interest rate changes; however, actual results could vary significantly. At December 31, 2022 and 2021, all interest rate risk levels according to income shown below are in compliance with the model were within the tolerance limits of ALCO-approved policy. In addition, the table does not take into consideration changes that management would make to realign its assets and liabilities in the event of an unexpected changing interest rate environment. The 300 and 400 basis point declining interest rate scenarios have been excluded in the following table. Corporation's policy guidelines.

December 31, 2022			December 31, 2021			December 31, 2023			December 31, 2022		
December 31, 2023	Change in Basis Points	Change in Basis Points	% Change in Net Interest Income	Change in Basis Points	% Change in Net Interest Income	Change in Basis Points	% Change in Net Interest Income	Change in Basis Points	% Change in Net Interest Income	Change in Basis Points	% Change in Net Interest Income
	400		4.8%	400	23.7%						
	300										
	300										
300	300	4.9	300	17.4		2.6		300		4.9	
200	200	5.5	200	12.1	200	3.8		200		5.5	
100	100	5.8	100	6.5	100	4.6		100		5.8	
(100)	(100)	(1.7)	(100)	(4.8)	(100)	(3.8)		(100)		(1.7)	
(200)	(200)	(6.1)	(200)	(9.0)	(200)	(6.5)		(200)		(6.1)	

(300)	(300)	(12.8)	(300)	(12.5)
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At December 31, 2022 December 31, 2023, the Corporation has approximately \$2.0 billion \$2.1 billion in outstanding loan balances that are rate sensitive over the next twelve months.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors, and Audit Committee
 CNB Financial Corporation
 Clearfield, Pennsylvania

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet sheets of CNB Financial Corporation (the "Corporation" "Corporation") as of December 31, 2022 December 31, 2023, the related consolidated statement statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the year years ended December 31, 2022 December 31, 2023 and 2022, and the related notes (collectively referred to as the "financial statements" "financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB" ("PCAOB")), the Corporation's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2023 March 7, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's financial statements based on our audit audits.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit audits provide a reasonable basis for our opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Corporation has changed its method of accounting for credit losses effective January 1, 2020 due to the adoption of ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The Corporation adopted the new credit losses standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles.

Critical Audit Matter Matters

The critical audit matter matters communicated below are matters arising from the current period current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses on Loans

As described in Notes 1 and 43 to the financial statements, the Corporation establishes an allowance representing the estimate of expected credit losses over the estimated life of the existing portfolio of loans. The Corporation measures expected credit losses based on a pooled loan basis when similar risk characteristics exist by primarily applying a discounted cash flow ("DCF" ("DCF") model. The DCF model discounts instrument-level contractual cash flows, adjusting for prepayments and curtailments, and incorporates loss expectations based on past events, current conditions, and forecasted macroeconomic indicators using reasonable and supportable forecasts. The quantitative estimated losses provided by the DCF model are supplemented by qualitative factors that include changes related to relevant data, such as differences in underwriting standards, changes in environmental conditions, delinquency levels, segment growth rates and changes in duration within new markets, or other relevant factors not considered in the DCF model.

We identified the allowance for credit losses on loans as a critical audit matter. Auditing management's estimate of the allowance involved a high degree of subjectivity due to the significant judgment required in determining the (1) significant assumptions within the DCF model and (2) measurement of the qualitative factors applied to the loan portfolio.

The primary procedures performed to address the critical audit matter included:

- We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Corporation's internal controls over the allowance for credit losses process, including controls over both the DCF and qualitative elements of the allowance. This included controls over the review of the relevance and reliability of data used to determine the estimates and the review of the appropriateness of the key assumptions and judgments used in the determination of the qualitative factors.
- We evaluated the completeness and accuracy of data used in the DCF model development of qualitative factors and the reasonableness of management's judgments and the relevance of data used in applying the qualitative factors.
- We involved FORVIS' valuation specialists evaluated the current and expected qualitative adjustments, including assessing the basis for the adjustments and the reasonableness of the significant assumptions.
- We tested of the loan review function and the accuracy of loan grades determined. Specifically, utilizing internal professionals to assist us in evaluating the appropriateness of model inputs loan grades.

Goodwill Impairment Assessment

The Corporation has recorded goodwill of \$43.7 million as of December 31, 2023. The determination of the annual goodwill impairment assessment has been identified by the Corporation as a critical accounting policy. As further described in Notes 1 and 8 to the consolidated financial statements, goodwill is tested for impairment at least annually, occurring as of November 30, or more frequently if events or circumstances warrant. At November 30, 2023, the Corporation elected to perform a quantitative assessment to determine if it was more likely than not that the fair value exceeded its carrying value, including goodwill. The Corporation engaged a third-party valuation firm to assist in performing the quantitative analysis using multiple approaches that were weighted by management. Based upon the valuation prepared, the quantitative assessment indicated that it was more likely than not that the fair value exceeded its carrying value, resulting in no impairment.

We identified the Corporation's quantitative goodwill impairment assessment, as of November 30, as a critical audit matter. The principal considerations for that determination were the degree of subjectivity and judgment required to audit management's goodwill impairment assessment. Specifically, evaluating the valuation approaches selected and key assumptions used by management in performing its assessment, such as the selection of comparable publicly-traded companies and testing control premium utilized in the valuation approaches.

The primary procedures we performed to address this critical audit matter included the following:

- We evaluated the design and tested the operating effectiveness of controls related to management's goodwill impairment assessment, including controls over management's review of the model calculation through a re-performance quantitative analysis performed, including the key assumptions used to determine the fair value of the discounted cash flow reporting unit.
- We tested key financial data used within the valuation approaches by agreeing key inputs to internal and external sources.
- We evaluated, with the assistance of our internal valuation specialists, appropriateness of valuation approaches selected by management, the selection of a control premium and of comparable publicly-traded companies, and the overall reasonableness of the estimated fair value of the reporting unit.

Other Matter

The 2021 and 2020 financial statements were audited by other auditors whose unqualified reports on those statements thereon, dated March 3, 2022, included an emphasis paragraph that described the change in accounting principle discussed in Note 1.

We have served as the Corporation's auditor since 2022.
Indianapolis, Indiana
March 3, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors, and Audit Committee
CNB Financial Corporation
Clearfield, Pennsylvania

Opinion on the Internal Control over Financial Reporting

We have audited CNB Financial Corporation's (the "Corporation" "Corporation") internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework*: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework*: (2013) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB" ("PCAOB")), the consolidated balance sheet of the Company Corporation as of December 31, 2022 December 31, 2023, and the related consolidated statement of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the year ended December 31, 2022 December 31, 2023, and our report dated March 3, 2023 March 7, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Over Financing Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definitions and Limitations of Internal Control over Financial Reporting

A company's corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles. A company's corporation's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company; corporation are being made only in accordance with authorizations of management and directors of the company; corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Indianapolis, Indiana

March 3, 2023 7, 2024

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of CNB Financial Corporation
Clearfield, Pennsylvania

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of CNB Financial Corporation (the "Corporation") as of December 31, 2021, the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows of CNB Financial Corporation (the "Corporation") for each of the two years in the period year ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021, and the results of its operations and its cash flows for each of the two years in Corporation for the period year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's financial statements based on our audits audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide audit provides a reasonable basis for our opinion.

/s/ Crowe LLP

We served as the Corporation's auditor from 2000 through March 3, 2022.
Columbus, Ohio
March 3, 2022

CONSOLIDATED BALANCE SHEETS Dollars in thousands, except share data

	December 31, 2022	December 31, 2021		December 31, 2023	December 31, 2022
	<u>ASSETS</u>				
Cash and due from banks	Cash and due from banks	\$ 58,884	\$ 42,440		
Interest-bearing deposits with Federal Reserve	Interest-bearing deposits with Federal Reserve	43,401	684,306		
Interest-bearing deposits with other financial institutions	Interest-bearing deposits with other financial institutions	4,000	5,452		

Total cash and cash equivalents	Total cash and cash equivalents	106,285	732,198
Debt securities available-for-sale, at fair value (amortized cost of \$432,992 as of December 31, 2022 and \$698,085 as of December 31, 2021)		371,409	697,191
Debt securities held-to-maturity, at amortized cost (fair value \$367,388 as of December 31, 2022 and \$—, as of December 31, 2021)		404,765	—
Debt securities available-for-sale, at fair value (amortized cost of \$395,803 as of December 31, 2023 and \$432,992 as of December 31, 2022)			
Debt securities held-to-maturity, at amortized cost (fair value \$360,570 as of December 31, 2023 and \$367,388, as of December 31, 2022)			
Equity securities	Equity securities	9,615	10,366
Loans held for sale	Loans held for sale	231	849
Loans receivable	Loans receivable		
PPP loans, net of deferred processing fees			
PPP loans, net of deferred processing fees			
PPP loans, net of deferred processing fees	PPP loans, net of deferred processing fees	159	45,203
Syndicated loans	Syndicated loans	156,649	125,761
Loans	Loans	4,118,370	3,463,828
Total loans receivable	Total loans receivable	4,275,178	3,634,792
Less: allowance for credit losses			
Less: allowance for credit losses			
Less: allowance for credit losses	Less: allowance for credit losses	(43,436)	(37,588)
Net loans receivable	Net loans receivable	4,231,742	3,597,204
FHLB and other restricted stock holdings and investments	FHLB and other restricted stock holdings and investments	30,715	23,276
Premises and equipment, net	Premises and equipment, net	68,535	61,659
Operating lease right-of-use assets	Operating lease right-of-use assets	32,307	19,928
Bank owned life insurance	Bank owned life insurance	111,523	99,719
Mortgage servicing rights	Mortgage servicing rights	1,804	1,664
Goodwill		43,749	43,749
Goodwill and other intangible assets			
Core deposit intangible	Core deposit intangible	364	460
Accrued interest receivable and other assets			
Accrued interest receivable and other assets			

Accrued interest receivable and other assets	Accrued interest receivable and other assets	62,135	40,676
Total Assets	Total Assets	\$5,475,179	\$5,328,939

LIABILITIES AND SHAREHOLDERS' EQUITY

Noninterest-bearing demand deposits	Noninterest-bearing demand deposits	\$ 898,437	\$ 792,086
Interest-bearing demand deposits	Interest-bearing demand deposits	1,007,202	1,079,336
Savings	Savings	2,270,337	2,457,745
Certificates of deposit	Certificates of deposit	446,461	386,452
Total deposits	Total deposits	4,622,437	4,715,619
Short-term borrowings	Short-term borrowings	132,396	—
Subordinated debentures	Subordinated debentures	20,620	20,620

Subordinated debentures	Subordinated debentures		
Subordinated notes, net of unamortized issuance costs	Subordinated notes, net of unamortized issuance costs		
Subordinated notes, net of unamortized issuance costs	Subordinated notes, net of unamortized issuance costs		
Subordinated notes, net of unamortized issuance costs	Subordinated notes, net of unamortized issuance costs		
Subordinated notes, net of unamortized issuance costs	Subordinated notes, net of unamortized issuance costs		
Operating lease liabilities	Operating lease liabilities	33,726	21,159
Accrued interest payable and other liabilities	Accrued interest payable and other liabilities	51,274	45,033
Total liabilities	Total liabilities	4,944,417	4,886,092

Commitments and contingent liabilities	Commitments and contingent liabilities		
Preferred stock, Series A non-cumulative perpetual; No par value; \$1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at December 31, 2022 and 60,375 at December 31, 2021	Preferred stock, Series A non-cumulative perpetual; No par value; \$1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at December 31, 2022 and 60,375 at December 31, 2021	57,785	57,785
Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,121,346 shares at December 31, 2022 and 16,978,057 at December 31, 2021	Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,121,346 shares at December 31, 2022 and 16,978,057 at December 31, 2021	—	—
Preferred stock, Series A non-cumulative perpetual; No par value; \$1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at December 31, 2023 and 60,375 at December 31, 2022	Preferred stock, Series A non-cumulative perpetual; No par value; \$1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at December 31, 2023 and 60,375 at December 31, 2022	—	—
Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 shares at December 31, 2023 and 21,121,346 at December 31, 2022	Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 shares at December 31, 2023 and 21,121,346 at December 31, 2022	—	—
Additional paid in capital	Additional paid in capital	221,553	127,351
Retained earnings	Retained earnings	306,911	260,582

Commitments and contingent liabilities

Treasury stock, at cost (114,157 shares at December 31, 2022 and 122,995 shares at December 31, 2021)	(2,967)	(2,477)
Treasury stock, at cost (339,064 shares at December 31, 2023 and 114,157 shares at December 31, 2022)		
Accumulated other comprehensive loss	(52,520)	(394)
Total shareholders' equity	530,762	442,847
Total		
Liabilities and Shareholders' Equity	\$5,475,179	\$5,328,939

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME						
Dollars in thousands, except per share data						
		Year ended December 31,				
		2022	2021	2020		
2023					2023	2022
INTEREST AND DIVIDEND INCOME:	INTEREST AND DIVIDEND INCOME:					2021
Loans including fees	Loans including fees					
Loans including fees						
Interest and fees on loans						
Interest and fees on loans						
Interest and fees on loans	Interest and fees on loans	\$194,149	\$157,799	\$147,547		
Processing fees on PPP loans	Processing fees on PPP loans	1,889	8,737	5,140		
Securities and cash and cash equivalents:	Securities and cash and cash equivalents:					
Taxable						
Taxable						
Taxable	Taxable	16,672	11,680	12,362		
Tax-exempt	Tax-exempt	871	1,125	1,441		
Dividends	Dividends	157	259	677		
Total interest and dividend income	Total interest and dividend income	213,738	179,600	167,167		
INTEREST EXPENSE:	INTEREST EXPENSE:					
Deposits	Deposits	19,833	15,062	24,142		
Deposits						
Deposits						

Borrowed funds and finance lease liabilities	Borrowed funds and finance lease liabilities	389	23	4,534
Subordinated debentures (includes \$127, \$276, and \$24 accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)		3,857	4,735	3,780
Subordinated debentures (includes \$151, \$127, and \$276 accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)				
Total interest expense	Total interest expense	24,079	19,820	32,456
NET INTEREST	NET INTEREST			
INCOME	INCOME	189,659	159,780	134,711
PROVISION FOR CREDIT LOSS	PROVISION FOR CREDIT LOSS			
EXPENSE	EXPENSE	8,589	6,003	15,354
NET INTEREST	NET INTEREST			
INCOME AFTER	INCOME AFTER			
PROVISION FOR CREDIT LOSS	PROVISION FOR CREDIT LOSS			
EXPENSE	EXPENSE	181,070	153,777	119,357
NON-INTEREST	NON-INTEREST			
INCOME:	INCOME:			
Service charges on deposit accounts	Service charges on deposit accounts	7,206	6,195	5,095
Service charges on deposit accounts				
Service charges on deposit accounts				
Other service charges and fees	Other service charges and fees	3,196	2,436	2,548
Wealth and asset management fees	Wealth and asset management fees	7,172	6,740	5,497
Net realized gains on available-for- sale securities (includes \$651, \$783, and \$2,190 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)		651	783	2,190
Net realized gains on available-for-sale securities (includes \$52, \$651, and \$783 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)				
Net realized gains on equity securities	Net realized gains on equity securities	—	—	75

Net unrealized gains on equity securities	(1,149)	790	253
Net unrealized gains (losses) on equity securities			
Mortgage banking			
Mortgage banking	Mortgage banking	1,237	3,147
Bank owned life insurance	Bank owned life insurance	3,433	2,638
Card processing and interchange income	Card processing and interchange income	7,797	7,796
Other non-interest income	Other non-interest income	5,223	2,909
Other non-interest income			
Other non-interest income			
Total non-interest income	Total non-interest income	34,766	33,434
NON-INTEREST EXPENSES:	NON-INTEREST EXPENSES:		
Compensation and benefits (includes \$(113), \$(43), and \$— accumulated other comprehensive income reclassifications for net amortization of actuarial (gains) losses, respectively)	71,460	61,175	48,723
Compensation and benefits (includes \$(174), \$(113), and \$(43) accumulated other comprehensive income reclassifications for net amortization of actuarial (gains) losses, respectively)			
Compensation and benefits (includes \$(174), \$(113), and \$(43) accumulated other comprehensive income reclassifications for net amortization of actuarial (gains) losses, respectively)			
Compensation and benefits (includes \$(174), \$(113), and \$(43) accumulated other comprehensive income reclassifications for net amortization of actuarial (gains) losses, respectively)			
Net occupancy expense	Net occupancy expense	13,298	12,381
Technology expense			
Technology expense			
Technology expense	Technology expense	17,041	11,723
State and local taxes	State and local taxes	4,078	4,057
Legal, professional and examination fees	Legal, professional and examination fees	4,173	3,517
Advertising	Advertising	2,887	2,081
FDIC insurance	FDIC insurance	2,796	2,509
Card processing and interchange expenses	Card processing and interchange expenses	4,801	3,836
Card processing and interchange expenses			
Card processing and interchange expenses			

Other non-interest expenses	Other non-interest expenses	17,088	15,154	12,603
Merger costs, prepayment penalties and branch closure costs		—	—	12,642
Total non-interest expenses				
Total non-interest expenses				
Total non-interest expenses	Total non-interest expenses	137,622	116,433	107,326
INCOME BEFORE INCOME BEFORE				
INCOME TAXES	INCOME TAXES	78,214	70,778	40,090
INCOME TAX EXPENSE (includes \$134, \$116, and \$413 income tax expense reclassification items, respectively)		15,026	13,071	7,347
INCOME TAX EXPENSE (includes \$79, \$134, and \$116 income tax expense reclassification items, respectively)				
NET INCOME	NET INCOME	63,188	57,707	32,743
PREFERRED STOCK	PREFERRED STOCK			
DIVIDENDS	DIVIDENDS	4,302	4,302	1,147
NET INCOME	NET INCOME			
AVAILABLE TO COMMON STOCKHOLDERS	AVAILABLE TO STOCKHOLDERS	\$ 58,886	\$ 53,405	\$ 31,596
PER COMMON SHARE	PER COMMON SHARE			
SHARE DATA:	SHARE DATA:			
PER COMMON SHARE DATA:				
PER COMMON SHARE DATA:				
Basic Earnings Per Common Share				
Basic Earnings Per Common Share				
Basic Earnings Per Common Share	Basic Earnings Per Common Share			
Basic Earnings Per Common Share	Basic Earnings Per Common Share			
Per Common Share	Per Common Share			
Share	Share	\$ 3.26	\$ 3.16	\$ 1.97
Diluted Earnings Per Common Share	Diluted Earnings Per Common Share			
Share	Share	\$ 3.26	\$ 3.16	\$ 1.97
Cash Dividends Declared	Cash Dividends Declared			
NET INCOME	NET INCOME	\$ 63,188	\$ 57,707	\$ 32,743
NET INCOME	NET INCOME			
NET INCOME	NET INCOME			
OTHER	OTHER			
COMPREHENSIVE INCOME (LOSS):	COMPREHENSIVE INCOME (LOSS):			
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification and tax	Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification and tax	\$ (53,576)	\$ (16,044)	\$ 8,140

Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification and tax				
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification and tax				
Amortization of unrealized gains from held-to- maturity securities, net of tax	Amortization of unrealized gains from held-to- maturity securities, net of tax	875	—	—
Change in actuarial gain, for post- employment health care plan, net of amortization and tax		150	275	219
Change in actuarial gains (losses), for post- employment health care plan, net of amortization and tax				
Change in fair value of interest rate swap agreements designated as a cash flow hedge, net of interest and tax	Change in fair value of interest rate swap agreements designated as a cash flow hedge, net of interest and tax	425	301	(224)
Total other comprehensive income (loss)	Total other comprehensive income (loss)	(52,126)	(15,468)	8,135
COMPREHENSIVE INCOME	INCOME	\$ 11,062	\$ 42,239	\$ 40,878

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, 2021, AND 2020

Dollars in thousands, except share and per share data

	Accumulated Additional Preferred Stock Paid-In Capital Retained Earnings Treasury Stock Comprehensive Income (Loss)						Total Shareholders' Equity	
	Other Comprehensive Income (Loss)							
	Stock	Capital	Earnings	Stock	Income (Loss)			
Balance, January 1, 2020	\$ —	\$ 99,335	\$ 201,503	\$ (2,811)	\$ 6,939	\$ 304,966		
Cumulative-effect adjustment due to the adoption of ASU No. 2016-13	—	—	(3,391)	—	—	(3,391)		
Preferred Stock				Preferred Stock	Paid-In Capital	Retained Earnings	Accumulated Comprehensive Income (Loss) Total Shareholders' Equity	

Balance, January 1, 2021						
Net income	Net income	—	—	32,743	—	—
Other comprehensive income	—	—	—	—	8,135	8,135
Restricted stock award grants (36,968 shares)	—	(934)	—	934	—	—
Performance based restricted stock award grants (8,351 shares)	—	(217)	—	217	—	—
Stock-based compensation expense	—	1,410	—	—	—	1,410
Issuance of common stock, net of issuance costs (115,790 shares)	—	3,257	—	—	—	3,257
Purchase of treasury stock (66,600 shares)	—	—	—	(981)	—	(981)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,349 shares)	—	—	—	(213)	—	(213)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (3,458 shares)	—	—	—	(113)	—	(113)
Issuance of preferred equity, net of issuance costs	57,785	—	—	—	—	57,785
Acquisition of Bank of Akron	—	24,667	—	—	—	24,667
Preferred cash dividend declared	—	—	(1,147)	—	—	(1,147)
Cash dividends declared (\$0.68 per share)	—	—	(10,981)	—	—	(10,981)
Balance, December 31, 2020	57,785	127,518	218,727	(2,967)	15,074	416,137
Net income	—	—	57,707	—	—	57,707
Other comprehensive income	—	—	—	—	(15,468)	(15,468)
Other comprehensive loss						
Forfeiture of restricted stock award grants (2,669 shares)	Forfeiture of restricted stock award grants (2,669 shares)	—	64	—	(64)	—
Restricted stock award grants (55,218 shares)	Restricted stock award grants (55,218 shares)	—	(1,374)	—	1,374	—
Performance based restricted stock award grants (10,587 shares)	Performance based restricted stock award grants (10,587 shares)	—	(262)	—	262	—
Stock-based compensation expense	Stock-based compensation expense	—	1,411	—	—	1,411
Contribution of treasury stock (3,000 shares)	Contribution of treasury stock (3,000 shares)	—	(81)	—	81	—
Stock-based contribution expense	Stock-based contribution expense	—	75	—	—	75
Purchase of treasury stock (36,359 shares)	Purchase of treasury stock (36,359 shares)	—	—	—	(1,000)	—
					(1,000)	

Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (6,782 shares)	Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (6,782 shares)	—	—	—	(143)	—	(143)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (941 shares)	Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (941 shares)	—	—	—	(20)	—	(20)
Preferred cash dividend declared	Preferred cash dividend declared	—	—	(4,302)	—	—	(4,302)
Common cash dividends declared (\$0.685 per share)	Common cash dividends declared (\$0.685 per share)	—	—	(11,550)	—	—	(11,550)
Preferred cash dividend declared	Preferred cash dividend declared	—	—	(11,550)	—	—	(11,550)
Preferred cash dividend declared	Preferred cash dividend declared	—	—	(11,550)	—	—	(11,550)
Balance, December 31, 2021	Balance, December 31, 2021	57,785	127,351	260,582	(2,477)	(394)	442,847
Net income							
Other comprehensive loss							
Forfeiture of restricted stock award grants (1,440 shares)							
Restricted stock award grants (57,823 shares)							
Performance based restricted stock award grants (11,895 shares)							
Stock-based compensation expense							
Contribution of treasury stock (3,000 shares)							
Stock-based contribution expense							
Issuance of common stock, net of issuance costs (4,257,446 shares)							

Purchase of treasury stock (50,166 shares)	
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,568 shares)	
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (4,706 shares)	
Preferred cash dividend declared	
Common cash dividends declared (\$0.70 per share)	
Balance, December 31, 2022	

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, 2021, AND 2020 2021

Dollars in thousands, except share and per share data

	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Share- holders' Equity
Net income	—	—	63,188	—	—	—	63,188
Other comprehensive loss	—	—	—	—	(52,126)	—	(52,126)
Forfeiture of restricted stock award grants (1,440 shares)	—	36	—	(36)	—	—	—
Restricted stock award grants (57,823 shares)	—	(1,000)	—	1,000	—	—	—
Performance based restricted stock award grants (11,895 shares)	—	(173)	—	173	—	—	—
Stock-based compensation expense	—	1,248	—	—	—	—	1,248
Contribution of treasury stock (3,000 shares)	—	(44)	—	44	—	—	—
Stock-based contribution expense	—	84	—	—	—	—	84
Issuance of common stock, net of issuance costs (4,257,446 shares)	—	94,051	—	—	—	—	94,051
Purchase of treasury stock (50,166 shares)	—	—	—	(1,342)	—	—	(1,342)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,568 shares)	—	—	—	(203)	—	—	(203)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (4,706 shares)	—	—	—	(126)	—	—	(126)
Preferred cash dividend declared	—	—	(4,302)	—	—	—	(4,302)
Cash dividends declared (\$0.70 per common share)	—	—	(12,557)	—	—	—	(12,557)
Balance, December 31, 2022	\$ 57,785	\$ 221,553	\$ 306,911	\$ (2,967)	\$ (52,520)	\$ 530,762	

	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Share- holders' Equity
Net income	—	—	58,020	—	—	58,020
Other comprehensive income	—	—	—	—	6,442	6,442
Forfeiture of restricted stock award grants (6,391 shares)	—	134	—	(134)	—	—
Restricted stock award grants (105,185 shares)	—	(2,743)	—	2,743	—	—
Performance based restricted stock award grants (4,118 shares)	—	(111)	—	111	—	—
Stock-based compensation expense	—	1,688	—	—	—	1,688
Contribution of treasury stock (3,000 shares)	—	(81)	—	81	—	—
Stock-based contribution expense	—	55	—	—	—	55
Purchase of treasury stock (326,459 shares)	—	—	—	(6,621)	—	(6,621)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (3,776 shares)	—	—	—	(89)	—	(89)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (584 shares)	—	—	—	(14)	—	(14)
Preferred cash dividend declared	—	—	(4,302)	—	—	(4,302)
Cash dividends declared (\$0.70 per common share)	—	—	(14,694)	—	—	(14,694)
Balance, December 31, 2023	\$ 57,785	\$ 220,495	\$ 345,935	\$ (6,890)	\$ (46,078)	\$ 571,247

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in thousands

	Year ended December 31			Year ended December 31		
	2022	2021	2020	2023	2022	2021
2023						
CASH FLOWS	CASH FLOWS					
FROM	FROM					
OPERATING	OPERATING					
ACTIVITIES:	ACTIVITIES:					
Net income	Net income	\$ 63,188	\$ 57,707	\$ 32,743		
Net income						
Net income						
Adjustments to	Adjustments to					
reconcile net	reconcile net					
income to net	income to net					
cash provided by	cash provided by					
operations:	operations:					
Provision for credit loss expense						
Provision for credit loss expense						
Provision for	Provision for					
credit loss	credit loss					
expense	expense	8,589	6,003	15,354		

Depreciation and amortization of premises and equipment, operating leases assets, core deposit intangible, and mortgage servicing rights	Depreciation and amortization of premises and equipment, operating leases assets, core deposit intangible, and mortgage servicing rights	6,573	6,241	6,082
Accretion of securities, deferred loan fees and costs, net yield and credit mark on acquired loans, and unearned income	Accretion of securities, deferred loan fees and costs, net yield and credit mark on acquired loans, and unearned income	(3,316)	(2,127)	(1,955)
Net amortization of deferred costs on borrowings	Net amortization of deferred costs on borrowings	303	177	—
Accretion of deferred PPP processing fees	Accretion of deferred PPP processing fees	(1,889)	(8,737)	(5,140)
Deferred tax (benefit) expense	Deferred tax (benefit) expense	(1,814)	(1,691)	1,390
Net realized gains on sales of available-for-sale securities	Net realized gains on sales of available-for-sale securities	(651)	(783)	(2,190)
Net realized and unrealized losses (gains) on equity securities	Net realized and unrealized losses (gains) on equity securities	1,149	(790)	(328)
Gain on sale of loans held for sale	Gain on sale of loans held for sale	(1,285)	(2,737)	(2,961)
Net (gains) losses on dispositions of premises and equipment and foreclosed assets		(170)	230	1,097
Gain on sale of loans held for sale				
Gain on sale of loans held for sale				
Net losses (gains) on dispositions of premises and equipment and foreclosed assets				
Proceeds from sale of loans receivable	Proceeds from sale of loans receivable	29,151	95,258	82,619
Origination of loans held for sale	Origination of loans held for sale	(34,181)	(95,411)	(87,528)

Income on bank owned life insurance	Income on bank owned life insurance	(2,550)	(2,184)	(1,747)
Gain on bank owned life insurance (death benefit proceeds in excess of cash surrender value)	Gain on bank owned life insurance (death benefit proceeds in excess of cash surrender value)	(883)	(454)	—
Restricted stock compensation expense	Restricted stock compensation expense	1,248	1,411	1,410
Stock-based contribution expense	Stock-based contribution expense	84	75	—
Changes in:	Changes in:			
Accrued interest receivable and other assets	Accrued interest receivable and other assets	(19,065)	(1,056)	(6,242)
Accrued interest receivable and other assets	Accrued interest receivable and other assets			
Accrued interest payable, lease liabilities, and other liabilities	Accrued interest payable, lease liabilities, and other liabilities	19,572	7,788	(3,846)
NET CASH PROVIDED BY OPERATING ACTIVITIES	NET CASH PROVIDED BY OPERATING ACTIVITIES	64,053	58,920	28,758
CASH FLOWS FROM INVESTING ACTIVITIES:	CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturities, prepayments and calls of available-for-sale securities	Proceeds from maturities, prepayments and calls of available-for-sale securities			
Proceeds from maturities, prepayments and calls of available-for-sale securities	Proceeds from maturities, prepayments and calls of available-for-sale securities	70,033	170,962	164,488
Proceeds from sales of available-for-sale securities	Proceeds from sales of available-for-sale securities	22,164	33,553	57,185
Proceeds from sale of equity securities	Proceeds from sale of equity securities	—	—	5,935
Purchase of available-for-sale securities	Purchase of available-for-sale securities	(48,433)	(341,140)	(224,080)

Proceeds from maturities, prepayments and calls of held-to-maturity securities	Proceeds from maturities, prepayments and calls of held-to-maturity securities	23,995	—	—
Purchases of held-to-maturity securities	Purchases of held-to-maturity securities	(213,853)	—	—
Purchase of equity securities	Purchase of equity securities	(398)	(407)	(2,447)
Proceeds from loans held for sale previously classified as portfolio loans	Proceeds from loans held for sale previously classified as portfolio loans	—	1,921	—
Net increase in loans receivable	Net increase in loans receivable	(630,605)	(246,043)	(244,903)
Purchase of bank owned life insurance	Purchase of bank owned life insurance	(11,644)	(22,000)	—
Proceeds from death benefit of bank owned life insurance policies	Proceeds from death benefit of bank owned life insurance policies	3,273	1,390	—
Net cash from business combinations		—	—	72,852
Redemption (purchase) of FHLB, other equity, and restricted equity interests				
Redemption (purchase) of FHLB, other equity, and restricted equity interests				
Redemption (purchase) of FHLB, other equity, and restricted equity interests	Redemption (purchase) of FHLB, other equity, and restricted equity interests	(7,439)	(2,258)	7,268
Purchase of premises and equipment	Purchase of premises and equipment	(12,290)	(6,484)	(5,644)
Proceeds from the sale of premises and equipment and foreclosed assets	Proceeds from the sale of premises and equipment and foreclosed assets	496	746	666
Purchase of other intangibles				
NET CASH	NET CASH			
USED BY	USED BY			
INVESTING	INVESTING			
ACTIVITIES	ACTIVITIES	(804,701)	(409,760)	(168,680)
CASH FLOWS	CASH FLOWS			
FROM FINANCING	FROM FINANCING			
ACTIVITIES:	ACTIVITIES:			
Net (decrease) increase in checking, money market and savings accounts	Net (decrease) increase in checking, money market and savings accounts	(153,191)	623,967	702,452
Net increase (decrease) in checking, money market and savings accounts	Net increase (decrease) in checking, money market and savings accounts			

Net increase (decrease) in checking, money market and savings accounts				
Net increase (decrease) in checking, money market and savings accounts				
Net increase (decrease) in certificates of deposit	Net increase (decrease) in certificates of deposit	60,009	(90,092)	(42,510)
Purchase of treasury stock	Purchase of treasury stock	(1,671)	(1,163)	(1,307)
Purchase of treasury stock				
Purchase of treasury stock				
Proceeds from common stock offering, net of issuance costs	Proceeds from common stock offering, net of issuance costs	94,051	—	3,257
Proceeds from preferred stock offering, net of issuance costs		—	—	57,785
Cash dividends paid, common stock				
Cash dividends paid, common stock				
Cash dividends paid, common stock	Cash dividends paid, common stock	(12,557)	(11,550)	(10,981)
Cash dividends paid, preferred stock	Cash dividends paid, preferred stock	(4,302)	(4,302)	(1,147)
Proceeds from issuance of subordinated notes, net of issuance costs	Proceeds from issuance of subordinated notes, net of issuance costs	—	83,484	—
Proceeds from long-term borrowings		—	—	231,985
Repayments on long-term borrowings				
Repayments on long-term borrowings				
Repayments on long-term borrowings	Repayments on long-term borrowings	—	(50,000)	(459,892)
Net change in short-term borrowings	Net change in short-term borrowings	132,396	—	—
NET CASH PROVIDED BY FINANCING ACTIVITIES				
NET CASH PROVIDED BY FINANCING ACTIVITIES				
NET CASH PROVIDED BY FINANCING ACTIVITIES	NET CASH PROVIDED BY FINANCING ACTIVITIES	114,735	550,344	479,642
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(625,913)	199,504	339,720
CASH AND CASH EQUIVALENTS, Beginning	CASH AND CASH EQUIVALENTS, Beginning	732,198	532,694	192,974

CASH AND CASH EQUIVALENTS,		CASH AND CASH EQUIVALENTS,	
Ending		\$106,285	\$732,198
			\$532,694

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Dollars in thousands

		Year ended December 31,			Year ended December 31,			
		2022	2021	2020	2023		2022	2021
SUPPLEMENTAL	SUPPLEMENTAL							
DISCLOSURE	DISCLOSURE							
OF CASH FLOW	OF CASH FLOW							
INFORMATION:	INFORMATION:							
SUPPLEMENTAL DISCLOSURE								
OF CASH FLOW INFORMATION:								
SUPPLEMENTAL DISCLOSURE								
OF CASH FLOW INFORMATION:								
Cash paid	Cash paid							
during the	during the							
period for:	period for:							
Cash paid during the period for:								
Cash paid during the period for:								
Interest								
Interest								
Interest	Interest	\$26,804	\$20,030	\$32,957				
Income taxes	Income taxes	17,423	11,788	9,524				
SUPPLEMENTAL	SUPPLEMENTAL							
NONCASH	NONCASH							
DISCLOSURES:	DISCLOSURES:							
Transfers to other real estate								
owned								
Transfers to other real estate								
owned								
Transfers to	Transfers to							
other real	other real							
estate owned	estate owned	\$ 785	\$ 1,470	\$ 241				
Transfers from	Transfers from							
loans held for	loans held for							
sale to loans	sale to loans							
held for	held for							
investment	investment	6,448	9,965	—				
Transfers from	Transfers from							
loans held for	loans held for							
investment to	investment to							
loans held for	loans held for							
sale	sale	—	1,921	—				
Transfer of	Transfer of							
securities from	securities from							
available-for-	available-for-							
sale to held-to-	sale to held-to-							
maturity	maturity	220,757	—	—				

Grant of restricted stock awards from treasury stock	Grant of restricted stock awards from treasury stock	1,000	1,374	934
Grant of performance based restricted stock awards from treasury stock	Grant of performance based restricted stock awards from treasury stock	173	262	217
Restricted stock forfeiture	Restricted stock forfeiture	36	64	—
Contribution of stock from treasury stock	Contribution of stock from treasury stock	44	81	—
Lease liabilities arising from obtaining right-of-use assets	Lease liabilities arising from obtaining right-of-use assets	13,371	2,643	1,386

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Unless otherwise indicated, dollar amounts in tables are stated in thousands, except for per share amounts.

Business and Organization

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

Basis of Financial Presentation

The financial statements are consolidated to include the accounts of the Corporation, the Bank, CNB Securities Corporation, Holiday, CNB Risk Management, Inc. and CNB Insurance Agency. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Subsequent Events

The Corporation has evaluated subsequent events for recognition and disclosure through the date these consolidated financial statements were issued.

Use of Estimates

To prepare financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"), management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for credit losses on loans receivable and off-balance-sheet credit exposures, the fair values of financial instruments, goodwill and the status of contingencies are particularly subject to change.

Operating Segments

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

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Corporation defines cash and cash equivalents as cash and due from banks and interest bearing deposits with the Federal Reserve and other financial institutions. Net cash flows are reported for customer loan and deposit transactions, interest bearing time deposits with other financial institutions and borrowings with original maturities of 90 days or less.

Interest-Bearing Deposits in Other Financial Institutions

Interest-bearing deposits in other financial institutions are carried at cost.

Restrictions on Cash

Note 19, "Interest Rate Swaps, 17, "Derivative Instruments," to the consolidated financial statements discloses the cash collateral balances required to be maintained in connection with the Corporation's interest rate swaps.

Debt Securities

Debt securities are classified as held-to-maturity ("HTM") and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available-for-sale ("AFS") when they might be sold before maturity. **Securities AFS** debt securities are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

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

The Corporation has made a policy election to exclude accrued interest from the amortized cost basis of debt securities and report accrued interest separately in accrued interest receivable and other assets in the consolidated balance sheets. A debt security is placed on nonaccrual status at the time any principal or interest payments become more than 90 days delinquent or if full collection of interest or principal becomes uncertain. Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to debt securities reversed against interest income for the years ended **December 31, 2022** **December 31, 2023** and **2021, 2022**, respectively.

Allowance for Credit Losses (Debt Securities AFS) (AFS Debt Securities)

For AFS debt securities in an unrealized loss position, the Corporation 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 **AFS debt securities AFS** that do not meet the aforementioned criteria, the Corporation evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically 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 cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management confirms that an AFS security is uncollectable or when either of the criteria regarding intent or requirement to sell is met. As of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, the Corporation determined that the unrealized loss positions in AFS debt securities were not the result of credit losses, and therefore, an allowance for credit losses was not recorded. See Note 3, "Debt Securities, 2, "Securities," and Note 6, 4, "Fair Value, Measurements," for more information about AFS debt securities.

Accrued interest receivable on AFS debt securities totaled **\$1.4 million** and **\$1.5 million** at **December 31, 2023** and **\$2.2 million** at **December 31, 2022** and **December 31, 2021**, respectively, and was reported in accrued interest receivable and other assets on the consolidated balance sheets.

Allowance for Credit Losses (Debt Securities HTM) (HTM Debt Securities)

Management measures expected credit losses on HTM debt securities on a collective basis by major security type.

Accrued interest receivable on HTM debt securities totaled **\$1.3 million** and **zero \$1.3 million** at **December 31, 2022** **December 31, 2023** and **2021, 2022**, respectively, and was reported in accrued interest receivable and other assets on the consolidated balance sheets and is excluded from the estimate of credit losses.

Management classifies the HTM portfolio into the following major security types: U.S. government sponsored entities and residential & multi-family mortgages. All of the residential & multi-family mortgages held by the Corporation are 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 rating agencies and have a long history of no credit losses.

Equity Securities

Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of the mortgage loan sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts, deferred loan fees and costs. Accrued interest receivable totaled \$21.6 million and \$17.3 million at December 31, 2023 and \$13.3 million at December 31, 2022 and December 31, 2021, respectively, and was reported in accrued interest receivable and other assets on the consolidated balance sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on mortgage, consumer and commercial loans is discontinued and placed on nonaccrual status at the time the loan is 90 days delinquent unless the loan is well secured and in process of collection. Past-due status is based on the contractual terms of the loan. Loans, including loans modified in a troubled debt restructuring, are placed on nonaccrual or recorded as charge-offs at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not received on loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. For all portfolio segments, loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Purchased Credit Deteriorated ("PCD") Loans

The Corporation has purchased loans, some of which have experienced more than insignificant credit deterioration since origination.

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

Troubled Debt Restructurings ("TDRs")

Loans are classified as TDRs when a borrower is experiencing financial difficulty and the Corporation has granted a concession that would not have otherwise been made for a borrower with similar credit characteristics. Prior to granting a modification, the borrower's ability to repay the loan is evaluated, including: current income levels and debt to income ratio, credit score, payment history and an evaluation of secondary repayment sources, if any is updated. The Corporation's policy is to modify loans typically through a payment reduction or through an interest rate reduction for a specified period of time, usually six to twelve months. Interest-only payments may also be approved during the modification period. Principal forgiveness is generally not an option for modification. The allowance for credit loss on a TDR is measured using the same method as all other loans held for investment, except the original interest rate is used to discount the expected cash flows, not the rate specified within the restructuring. When there is a reasonable expectation, at the reporting date, that a TDR will be executed with a borrower the estimated life of the TDR reflects the extension or renewal. The Corporation also modifies some loans that are not classified as TDRs as the modification is due to a restructuring where the effective interest rate on the debt is reduced to reflect a decrease in market interest rates.

Concentration of Credit Risk

Most of the Corporation's business activity is with customers located within the Commonwealth of Pennsylvania and the states of Ohio, New York and Virginia. Therefore, the Corporation's exposure to credit risk is significantly affected by changes in the economies of Pennsylvania, Ohio, New York and Virginia. At **December 31, 2022** **December 31, 2023** no industry concentration existed which exceeded 10% of the total loan portfolio.

Allowance for Credit Losses - Loans

The allowance for credit losses on loans represents management's estimate of expected credit losses over the estimated life of our existing portfolio of loans. The allowance for credit losses is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans.

The expense for credit loss recorded through earnings is the amount necessary to maintain the allowance for credit losses on loans at the amount of expected credit losses inherent within the loan portfolio. Loans are recorded as charge-offs against the allowance when management confirms a loan balance is uncollectable. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts, and other significant qualitative and quantitative factors. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, changes in environmental conditions, delinquency level, segment growth rates and changes in duration within new markets, or other relevant factors. For further information on the allowance for credit losses on loans, see Note **4, 3**, "Loans Receivable and Allowance for Credit Losses," for additional detail.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Corporation has segregated its portfolio segments based on federal call report codes which classify loans based on the primary collateral supporting the loan. The following are the Corporation's segmented portfolios:

1-4 Family Construction: The Bank originates construction loans to finance 1-4 family residential buildings. Construction loans include not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures. Construction loans are generally secured by real estate. The primary risk characteristics are specific to the uncertainty on whether the construction will be completed according to the specifications and schedules. Factors that may influence the completion of construction may be customer specific, or related to changes in general economic conditions.

Other construction loans and all land development and other land loans: The Bank originates construction loans to finance land development preparatory to erecting new structures or the on-site construction of industrial, commercial, or multi-family buildings. Construction loans include not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures. Construction loans are generally secured by real estate. The primary risk characteristics are specific to the uncertainty on whether the construction will be completed according to the specifications and schedules. Factors that may influence the completion of construction may be customer specific, such as the quality and depth of property management, or related to changes in general economic conditions.

Farmland (including farm residential and other improvements): The Bank originates loans secured by farmland and improvements thereon, secured by mortgages. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland also includes grazing or pasture land, whether tillable or not and whether wooded or not. The primary risk characteristics are specific to the uncertainty on production, market, financial, environmental and human resources.

Home equity lines of credit: The primary risk characteristics associated with home equity lines of credit typically involve changes to the borrower, including unemployment or other loss of income; unexpected significant expenses, such as major medical expenses, catastrophic events, divorce and death. Home equity lines of credit are typically originated with variable or floating interest rates, which could expose the borrower to higher payments in a rising interest rate environment. Real estate values could decrease and cause the value of the underlying property to fall below the loan amount, creating additional potential loss exposure for the Bank.

Residential Mortgages secured by first liens: The Bank originates one-to-four family residential mortgage loans primarily within **central Central** and **northwest Northwest** Pennsylvania, **central Central** and **northeast Northeast** Ohio, **western Western** New York, and **the Roanoke, Southwest** Virginia market. These loans are secured by first liens on a primary residence or investment property. The primary risk characteristics associated with residential mortgage loans typically involve major changes to the borrower, including unemployment or other loss of income; unexpected significant expenses, such as major medical expenses, catastrophic events, divorce or death. Residential mortgage loans that have adjustable rates could expose the borrower to higher payments in a rising interest rate environment. Real estate values could decrease and cause the value of the underlying property to fall below the loan amount, creating additional potential loss exposure for the Bank.

Residential Mortgages secured by junior liens: The Bank originates loans secured by junior liens against one to four family properties primarily within **central Central** and **northwest Northwest** Pennsylvania, **central Central** and **northeast Northeast** Ohio, **western Western** New York, and **the Roanoke, Southwest** Virginia market. Loans secured by junior liens are primarily in the form of an amortizing home equity loan. These loans are subordinate to a first mortgage which may be from another lending institution. The primary risk characteristics associated with loans secured by junior liens typically involve major changes to the borrower, including unemployment or other loss of income, unexpected significant expenses, such as for major medical expenses, catastrophic events, divorce or death. Real estate values could decrease and cause the value of the property to fall below the loan amount, creating additional potential loss exposure for the Bank.

Multifamily (5 or more) residential properties: The Bank originates mortgage loans for multifamily properties primarily within central Central and northwest Northwest Pennsylvania, central Central and northeast Northeast Ohio, western Western New York, and the Roanoke, Southwest Virginia market. Multifamily loans are expected to be repaid from the cash flows of the underlying property so the collective amount of rents must be sufficient to cover all operating expenses, property management and maintenance, taxes and debt service. Increases in vacancy rates, interest rates or other changes in general economic conditions can have an impact on the borrower and its ability to repay the loan.

Owner-occupied, nonfarm nonresidential properties: The Bank originates mortgage loans to operating companies primarily within central Central and northwest Northwest Pennsylvania, central Central and northeast Northeast Ohio, western Western New York, and the Roanoke, Southwest Virginia market. Owner-occupied real estate properties primarily include retail buildings, medical buildings and industrial/warehouse space. Owner-occupied loans are typically repaid first by the cash flows generated by the borrower's business operations. The primary risk characteristics are specific to the underlying business and its ability to generate sustainable profitability and positive cash flow. Factors that may influence a borrower's ability to repay their loan include demand for the business' products or services, the quality and depth of management, the degree of competition, regulatory changes, and general economic conditions.

Non-owner occupied, nonfarm nonresidential properties: The Bank originates mortgage loans for commercial real estate that is managed as an investment property primarily within central Central and northwest Northwest Pennsylvania, central Central and northeast Northeast Ohio, western Western New York, and the Roanoke, Southwest Virginia market. Commercial real estate properties primarily include retail buildings/shopping centers, hotels, office/medical buildings and industrial/warehouse space. Increases in vacancy rates, interest rates or other changes in general economic conditions can have an impact on the borrower and its ability to repay the loan. Commercial real estate loans are generally considered to have a higher degree of credit risk as they may be dependent on the ongoing success and operating viability of a fewer number of tenants who are occupying the property and who may have a greater degree of exposure to economic conditions.

Agricultural production and other loans to farmers: The Bank originates loans secured or unsecured to farm owners and operators (including tenants) or to nonfarmers for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock, and for purchases of farm machinery, equipment, and implements. The primary risk characteristics are specific to the uncertainty on production, market, financial, environmental and human resources.

Commercial and Industrial: The Bank originates lines of credit and term loans to operating companies for business purposes. The loans are generally secured by business assets such as accounts receivable, inventory, business vehicles and equipment as well as the stock of a company, if privately held. Commercial and Industrial loans are typically repaid first by the cash flows generated by the borrower's business operations. The primary risk characteristics are specific to the underlying business and its ability to generate sustainable profitability and positive cash flow. Factors that may influence a borrower's ability to repay their loan include demand for the business' products or services, the quality and depth of management, the degree of competition, regulatory changes, and general economic conditions. The ability of the Bank to foreclose and realize sufficient value from business assets securing these loans is often uncertain. To mitigate the risk characteristics of commercial and industrial loans, commercial real estate may be included as a secondary source of collateral. The Bank will often require more frequent reporting requirements from the borrower in order to better monitor its business performance.

Credit cards: The Bank originates credit cards offered to individuals and businesses for household, family, other personal and business expenditures. Credit cards generally are floating rate loans and include both unsecured and secured lines. Credit card loans generally do not have stated maturities and are unconditionally cancellable. The primary risk characteristics associated with credit cards typically involve major changes to the borrower, including unemployment or other loss of income, unexpected significant expenses, such as for major medical expenses, catastrophic events, divorce or death.

Other revolving credit plans: The Bank originates lines of credit to individuals for household, family, and other personal expenditures. Consumer loans generally have higher interest rates and shorter terms than residential loans but tend to have higher credit risk due to the type of collateral securing the loan or in some cases the absence of collateral. The primary risk characteristics associated with other revolving loans typically involve major changes to the borrower, including unemployment or other loss of income, unexpected significant expenses, such as for major medical expenses, catastrophic events, divorce or death.

Automobile: The Bank originates consumer loans extended for the purpose of purchasing new and used passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. The primary risk characteristics associated with automobile loans typically involve major changes to the borrower, including unemployment or other loss of income, unexpected significant expenses, such as for major medical expenses, catastrophic events, divorce or death.

Other consumer: The Bank originates loans to individuals for household, family, and other personal expenditures. This also represents all other loans that cannot be categorized in any of the previous mentioned consumer loan segments. Consumer loans generally have higher interest rates and shorter terms than residential loans but tend to have higher credit risk due to the type of collateral securing the loan or in some cases the absence of collateral. The primary risk characteristics associated with other consumer loans typically involve major changes to the borrower, including unemployment or other loss of income, unexpected significant expenses, such as for major medical expenses, catastrophic events, divorce or death.

Obligations (other than securities and leases) of states and political subdivisions: The Bank originates various types of loans made directly to municipalities. These loans are repaid through general cash flows or through specific revenue streams, such as water and sewer fees. The primary risk characteristics associated with municipal loans are the municipality's ability to manage cash flow, balance the fiscal budget, fixed asset and infrastructure requirements. Additional risks include changes in demographics, as well as social and political conditions.

Other loans: The Bank originates other loans, such as loans to nonprofit organizations, including churches, hospitals, educational and charitable institutions, clubs, and similar associations. The primary risk characteristics associated with these types of loans are repayment, demographic, social, political and reputation risks.

Overdrafts: The Bank reports overdrawn customer deposit balances as loans.

Methods utilized by management to estimate expected credit losses include a discounted cash flow ("DCF") model that discounts instrument-level contractual cash flows, adjusted for prepayments and curtailments, incorporating loss expectations, and a weighted average remaining maturity ("WARM") model which contemplates expected losses at a pool-level, utilizing historic loss information.

Under both models, management estimates the allowance for credit losses on loans using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. After the end of the reasonable and supportable forecast period, the loss rates revert to the mean loss rate over a period of eight quarters.

Historical credit loss experience, including examination of loss experience at representative peer institutions when the Corporation's loss history does not result in estimations that are meaningful to users of the Corporation's Consolidated Financial Statements, provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, changes in environmental conditions, delinquency level, segment growth rates and changes in duration within new markets, or other relevant factors.

The DCF model uses inputs of current and forecasted macroeconomic indicators to predict future loss rates. The current macroeconomic indicator utilized by the Corporation is the Federal unemployment rate and the S&P/Case-Shiller U.S. National Home Price Index for select collective residential related pools. In building the **CECL** current expected credit loss methodology utilized in the DCF model, a correlation between this indicator and historic loss levels was developed, enabling a prediction of future loss rates related to future Federal unemployment rates and S&P/Case-Shiller U.S. National Home Price Index.

The portfolio segments utilizing the DCF methodology comprised **86.0%** **85.9%** and **88.4%** **86.0%** of the amortized cost of loans as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, respectively, and included:

- Farmland
- Home equity lines of credit
- Residential Mortgages secured by first liens
- Residential Mortgages secured by junior liens
- Multifamily (5 or more) residential properties
- Owner-occupied, nonfarm nonresidential properties
- Non-owner occupied, nonfarm nonresidential properties
- Agricultural production and other loans to farmers
- Commercial and Industrial
- Automobile
- Obligations (other than securities and leases) of states and political subdivisions
- Other loans

The WARM model uses combined historic loss rates for the Corporation and peer institutions, if necessary, gathered from call report filings. The selected period for which historic loss rates are used is dependent on management's evaluation of current conditions and expectations of future loss conditions.

The portfolio segments utilizing the WARM methodology comprised **14.0%** **14.1%** and **11.6%** **14.0%** of the amortized cost of loans as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, respectively, and included:

- 1-4 Family Construction
- Other construction loans and all land development and other land loans
- Credit cards
- Other revolving credit plans
- Other consumer

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation and typically represent collateral dependent loans but may also include other nonperforming loans or **TDRs**, **borrowers experiencing financial difficulty**. The Corporation uses the practical expedient to measure individually evaluated loans as collateral dependent and/or when repayment is expected to be provided substantially through the operation or sale of the collateral. Expected credit losses are based on the fair value at the reporting date, adjusted for selling costs as appropriate. For collateral dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

Management estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Corporation. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. Management estimates the amount of expected losses by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Bank and applying the loss factors used in the allowance for credit losses on loans methodology to the results of the usage calculation to estimate the liability for credit losses related to unfunded commitments for each loan segment. The estimate of credit losses on OBS credit exposures is **\$759 thousand and \$603 thousand at December 31, 2023 and zero at December 31, 2022 and 2021, 2022**, respectively, and was reported in accrued interest payable and other liabilities on the consolidated balance sheets .

Mortgage Servicing Rights

When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in mortgage banking income. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. The Corporation compares the valuation model inputs and results to published industry data in order to validate the model results and assumptions. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance, to the extent that fair value is less than the carrying amount. If the Corporation later determines that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported with mortgage banking income on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income, which is reported on the income statement as mortgage banking income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income. Late fees and ancillary fees related to loan servicing are not material.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the **Company**, **Corporation**, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the **Company Corporation** does not maintain effective control over the transferred assets.

Foreclosed Assets

Foreclosed assets are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is computed principally by the straight line method. In general, useful lives range from 3 to 39 years with lives for furniture, fixtures and equipment ranging from 3 to 10 years and lives of buildings and building improvements ranging from 15 to 39 years. Amortization of leasehold improvements is computed using the straight-line method over useful lives of the leasehold improvements or the term of the lease, whichever is shorter. Maintenance, repairs and minor renewals are charged to expense as incurred.

Leases

The Corporation leases real estate property for branches and certain equipment. The Corporation determines if an arrangement is a lease at inception and if the lease is an operating lease or a finance lease.

Operating lease right-of-use assets represent the Corporation's right to use an underlying asset during the lease term and operating lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. The period over which the right-of-use asset is amortized is generally the lesser of the expected remaining term or the remaining useful life of the leased asset. The lease liability is decreased as periodic lease payments are made. The Corporation performs impairment assessments for right-of-use assets when events or changes in circumstances indicate that their carrying values may not be recoverable.

The calculated amounts of the right-of-use assets and lease liabilities are impacted by the length of the lease term and the discount rate used to calculate the present value of the minimum remaining lease payments. The Corporation's lease agreements often include one or more options to renew at the Corporation's discretion. If, at lease inception, the Corporation considers the exercising of a renewal option to be reasonably certain, the Corporation includes the extended term in the calculation of the right-of-use asset and lease liability. Generally, the Corporation cannot practically determine the interest rate implicit in the lease so the Corporation's incremental borrowing rate is used as the discount rate for the lease. The Corporation uses Federal Home Loan Bank ("FHLB") of Pittsburgh advance interest rates, which have been deemed as the Corporation's incremental borrowing rate, at lease inception based upon the term of the lease. The Corporation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease expense, variable lease expense and short-term lease expense are included in occupancy expense in the Corporation's consolidated statements of income. For facility-related leases, the Corporation elected, by lease class, to not separate lease and non-lease components. Lease expense is recognized on a straight-line basis over the lease term. Variable lease expense primarily represents payments such as common area maintenance, real estate taxes, and utilities and are recognized as expense in the period when those payments are incurred. Short-term lease expense relates to leases with an initial term of 12 months or less. The Corporation has elected to not record a right-of-use asset or lease liability for short-term leases.

Federal Home Loan Bank Stock

As a member of the FHLB of Pittsburgh, the Corporation is required to purchase and hold stock in the FHLB to satisfy membership and borrowing requirements. This stock is restricted in that it can only be sold to the FHLB or to another member institution, and all sales of FHLB stock must be at par. As a result of these restrictions, FHLB stock is unlike other investment securities insofar as there is no trading market for FHLB stock and the transfer price is determined by FHLB membership rules and not by market participants.

FHLB stock is held as a long-term investment, is valued at its cost basis and is analyzed for impairment based on the ultimate recoverability of the par value. The Corporation evaluates impairment quarterly. The decision of whether impairment exists is a matter of judgment that reflects our view of the FHLB's long-term performance, which includes factors such as the following:

- its operating performance;
- the severity and duration of declines in the fair value of its net assets related to its capital stock amount;
- its commitment to make payments required by law or regulation and the level of such payments in relation to its operating performance;
- the impact of legislative and regulatory changes on the FHLB, and accordingly, on the members of FHLB; and
- its liquidity and funding position.

Both cash and stock dividends are reported as income.

Qualified Affordable Housing Project Investments

The Corporation has investments in various real estate limited partnerships that acquire, develop, own and operate low and moderate-income housing. These investments are made directly in Low Income Housing Tax Credit ("LIHTC") partnerships formed by third parties. As a limited partner in these operating partnerships, the Corporation receives tax credits and tax deductions for losses incurred by the underlying properties. The Corporation accounts for its ownership interest in LIHTC partnerships in accordance with Accounting Standards Update ("ASU") 2014-01, "Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects." The standard permits an entity to amortize the initial cost of the investment in proportion to the amount of the tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of income tax expense. There were no impairment losses during the year resulting from the forfeiture or ineligibility of tax credits related to qualified affordable housing project investments.

Bank Owned Life Insurance

The Corporation has purchased life insurance policies on certain key employees. Bank-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Goodwill and Other Intangible Assets

Goodwill resulting from business combinations prior to January 1, 2009 represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill resulting from business combinations after January 1, 2009 is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interest in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Corporation has no intangible assets with an indefinite useful life.

During the fourth quarter of 2023, the Corporation elected to change the timing of its annual goodwill impairment test from December 31 to November 30. The selection of November 30 as the annual testing date for the impairment of goodwill is intended to move the testing to a time period outside of the Corporation's annual financial reporting process to allow the Corporation additional time to complete the analysis. The Corporation believes that this change is preferable under the circumstances, and that this change does not accelerate, delay or avoid an impairment charge. The Corporation has selected December 31 as the date to perform also determined that a change in the annual impairment test. testing date did not result in adjustments to the consolidated financial statements when applied retrospectively. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only an intangible asset with an indefinite life on the Corporation's balance sheet.

Other intangible assets consist of core deposit intangible assets arising from the acquisition of FC Banc Corp. in 2013, Lake National Bank in 2016 and Bank of Akron in 2020, 2020 and naming rights associated with the formation of Ridge View Bank, a division of the Bank in 2023. The core deposit intangible assets from these acquisitions are amortized using an accelerated method over their estimated useful lives, which range from four years to ten years, respectively. The naming rights have an indefinite useful life.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Derivatives

Derivative financial instruments are recognized as assets or liabilities at fair value. The Corporation has interest rate swap agreements which are used as part of its asset liability management to help manage interest rate risk. The Corporation does not use derivatives for trading purposes.

At the inception of a derivative contract, the Corporation designates the derivative as one of three types based on the Corporation's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income (loss) and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income.

Accrued settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Accrued settlements on derivatives not designated or that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Corporation formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions, at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Corporation discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

The Corporation is exposed to losses if a counterparty fails to make its payments under a contract in which the Corporation is in the net receiving position. The Corporation anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All the contracts to which the Corporation is a party settle monthly or quarterly. In addition, the Corporation obtains collateral above certain thresholds of the fair value of its hedges for each counterparty based upon their credit standing and the Corporation has netting agreements with the dealers with which it does business.

Stock-Based Compensation

Compensation cost is recognized for restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. The market price of the Corporation's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. Certain of the restricted stock awards are performance based and costs are recognized based upon certain performance conditions. The Corporation's accounting policy is to recognize forfeitures as they occur

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Corporation recognizes interest and/or penalties, if any, related to income tax matters in income tax expense.

Retirement Plans

Post retirement obligation expense is the net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized. The Corporation's expense associated with its 401(k) plan is determined under the provisions of the plan document and includes both matching and profit sharing components. Deferred compensation and supplemental retirement plan expenses allocate the benefits over years of service.

Earnings Per Common Share

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted average number of common shares determined for the basic computation plus the dilutive effect of potential common shares issuable under certain stock compensation plans. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The Corporation has determined that its outstanding non-vested time-based restricted stock awards are participating securities.

Comprehensive Income

The Corporation presents comprehensive income as part of the Consolidated Statements of Income and Comprehensive Income. Other comprehensive income and loss consists of unrealized holding gains and losses on the AFS **debt** securities portfolio, amortization of AFS **debt** securities transferred to HTM, changes in the unrecognized actuarial gain and transition obligation related to the Corporation's post retirement benefits plans, and changes in the fair value of the Corporation's interest rate swaps, net of tax.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Treasury Stock

The purchase of the Corporation's common stock is recorded at cost. Purchases of the stock are made in the open market based on market prices. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on a first-in-first-out basis.

Dividend Restriction

Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to shareholders.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications

Certain amounts appearing Revenue Recognition

The Corporation recognizes revenues when earned based upon (i) contractual terms as transactions occur, or (ii) as related services are provided and collectability is reasonably assured. The largest source of revenue for the Corporation is interest income, which is primarily recognized on an accrual basis according to a written contract, such as loan and lease agreements or investment securities contracts. The Corporation earns non-interest income through a variety of financial and transactional services such as security gains, loan servicing, gains on the sale of loans, commitment fees, fees from financial guarantees, certain credit card fees, gains (losses) on sale of other real estate owned not financed by the Corporation, is not within the scope of ASU 2014-9.

The types of non-interest income within the scope of the standard that are material to the consolidated financial statements are services charges on deposit accounts, wealth and asset management fee income, card processing and interchange income, and other income and are discussed in greater detail below:

Service charges on deposit accounts: The Corporation earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed, as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Services charges on deposits are withdrawn from the customer's account balance.

Wealth and asset management fees: The Corporation earns wealth and asset management fees from its contracts with trust and brokerage customers to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Corporation provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of assets under management at month end. Fees for these services are billed to customers on a monthly or quarterly basis and are recorded as revenue at the end of the period for which the wealth and asset management services have been performed. Other performance obligations, such as the delivery of account statements to customers, are generally considered immaterial to the overall transaction price.

Card processing and interchange income: The Corporation earns interchange fees from check card and credit card transactions conducted through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Other income: The Corporation's other income includes sources such as bank owned life insurance, changes in fair value and realized gains on sales of equity securities, certain service fees, gains (losses) on sales of fixed assets, and gains (losses) on sale of other real estate owned. The service fees are recognized in the financial statements same manner as the service charges mentioned above. While gains (losses) on the sale of other real estate owned are within the scope of ASU 2014-9 if financed by the Corporation, the Corporation does not finance the sale of transactions. The revenue on the sale is recorded upon the transfer of control of the property to the buyer and notes thereto the other real estate owned asset is derecognized.

The Corporation does not exercise significant judgements in the recognition of income, as typically income is not recognized until the performance obligation has been satisfied. The Corporation has not recognized any assets from the costs to obtain or fulfill a contract with customers for prior periods have been reclassified to conform with revenue streams that fall within the current presentation. The reclassifications had no effect on net income or shareholders' equity as previously reported. guidance of Topic 606.

Adoption of New Accounting Standards

Accounting Standards Adopted in 2020

On January 1, 2020, the Corporation adopted ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and HTM debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for AFS debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on AFS debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Corporation adopted ASC 326 using the modified retrospective approach method for all financial assets measured at amortized cost and OBS credit exposures. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. In conjunction with the adoption of CECL, the Corporation has revised its segmentation to align with the methodology applied in determining the ACL for loans under CECL, which is based on federal call report codes which classify loans based on the primary collateral supporting the loan. Segmentation prior to the adoption of CECL was based on product type or purpose.

Upon adoption, the Corporation's total allowance for credit losses increased by \$5.0 million, or 25.5%. The increase in the total allowance for credit losses resulted in a \$3.4 million decrease to retained earnings, net of deferred taxes. The overall change in total allowance for credit losses upon adoption was primarily due to the move to a life of loan reserve estimate as well as methodology changes required under CECL.

The Corporation adopted ASC 326 using the prospective transition approach for financial assets purchased with credit deterioration that were previously classified as purchased credit impaired ("PCI") and accounted for under ASC 310-30. In accordance with the standard, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On January 1, 2020, the amortized cost basis of the PCD assets were adjusted to reflect the addition of \$670 thousand of the allowance for credit losses. The remaining noncredit discount (based on the adjusted amortized cost basis) will be accreted into interest income at the effective interest rate as of January 1, 2020.

The following tables illustrates the impact of ASC 326.

	January 1, 2020				
	Reclassification to CECL		Pre-CECL Adoption	Post-CECL Adoption	Impact of CECL Adoption
	Portfolio Segmentation	Portfolio Segmentation	Portfolio Segmentation	Portfolio Segmentation	Portfolio Segmentation
Assets:					
Loans:					
Commercial, industrial and agricultural	\$ 1,046,665	\$ (1,046,665)	—	—	—
Farmland	—	27,199	27,199	27,199	—
Owner-occupied, nonfarm nonresidential properties	—	333,117	333,117	333,117	—
Agricultural production and other loans to farmers	—	3,407	3,407	3,407	—
Commercial and Industrial	—	474,614	474,614	474,614	—
Obligations (other than securities and leases) of states and political subdivisions	—	139,052	139,052	139,052	—
Other loans	—	5,740	5,740	5,740	—
Commercial mortgages	814,002	(814,002)	—	—	—
Other construction loans and all land development and other land loans	—	277,412	277,412	277,412	—
Multifamily (5 or more) residential properties	—	124,390	124,390	124,390	—
Non-owner occupied, nonfarm nonresidential properties	—	467,852	467,852	468,522	670
Residential real estate	814,030	(814,030)	—	—	—
1-4 Family Construction	—	22,427	22,427	22,427	—
Home equity lines of credit	—	95,089	95,089	95,089	—
Residential Mortgages secured by first liens	—	646,199	646,199	646,199	—
Residential Mortgages secured by junior liens	—	57,965	57,965	57,965	—
Consumer, net of unearned discount	119,623	(119,623)	—	—	—
Other revolving credit plans	—	52,353	52,353	52,353	—
Automobile	—	27,807	27,807	27,807	—
Other consumer	—	39,697	39,697	39,697	—
Credit cards	7,569	—	7,569	7,569	—
Overdrafts	2,146	—	2,146	2,146	—
Total loans	\$ 2,804,035	\$ 2,804,035	\$ 2,804,705	\$ 2,804,705	670

	January 1, 2020				
	Reclassification to CECL		Pre-CECL Adoption	Post-CECL Adoption	Impact of CECL Adoption
	Portfolio Segmentation	Portfolio Segmentation	Portfolio Segmentation	Portfolio Segmentation	Portfolio Segmentation
Assets:					
Allowance for credit losses on loans:					
Commercial, industrial and agricultural	\$ 8,287	\$ (8,287)	—	—	—
Farmland	—	190	190	251	61
Owner-occupied, nonfarm nonresidential properties	—	2,390	2,390	1,636	(754)

Agricultural production and other loans to farmers	—	25	25	30	5
Commercial and Industrial	—	4,105	4,105	3,474	(631)
Obligations (other than securities and leases) of states and political subdivisions	—	1,022	1,022	791	(231)
Other loans	—	41	41	49	8
Commercial mortgages	6,952	(6,952)	—	—	—
Other construction loans and all land development and other land loans	—	2,327	2,327	3,107	780
Multifamily (5 or more) residential properties	—	1,087	1,087	1,399	312
Non-owner occupied, nonfarm nonresidential properties	—	3,980	3,980	6,527	2,547
Residential real estate	1,499	(1,499)	—	—	—
1-4 Family Construction	—	56	56	21	(35)
Home equity lines of credit	—	180	180	601	421
Residential Mortgages secured by first liens	—	1,220	1,220	2,320	1,100
Residential Mortgages secured by junior liens	—	114	114	249	135
Consumer	2,411	(2,411)	—	—	—
Other revolving credit plans	—	296	296	674	378
Automobile	—	156	156	60	(96)
Other consumer	—	1,960	1,960	2,981	1,021
Credit cards	84	—	84	26	(58)
Overdrafts	240	—	240	240	—
Total allowance for credit losses on loans	\$ 19,473	\$ —	\$ 19,473	\$ 24,436	\$ 4,963
Retained earnings:					
Total increase in allowance for credit losses on loans				\$	4,963
Balance sheet reclassification					(670)
Total pre-tax impact					4,293
Tax effect					(902)
Decrease in retained earnings				\$	3,391

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairment for all entities by requiring impairment charges to be based on the first step in the previous two-step impairment test. Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard eliminates the prior requirement to calculate a goodwill impairment charge using Step 2, which requires an entity to calculate any impairment charge by comparing the implied fair value of goodwill with its carrying amount. ASU 2017-04 was effective for the Corporation on January 1, 2020 and did not have a material impact on the Corporation's financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." ASU 2018-13 modifies disclosure requirements on fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. ASU 2018-13 was effective for the Corporation on January 1, 2020 and did not have a material impact on the Corporation's financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15"). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by these amendments. ASU 2018-15 was effective for the Corporation on January 1, 2020 and did not have a material impact on the Corporation's financial statements and related disclosures.

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. ASU 2020-04 provides optional expedients and exceptions for accounting related to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 applies only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The

amendments in this update are effective for all entities as of March 12, 2020, and based upon the amendments provided in ASU 2022-06 discussed below, can generally be applied through December 31, 2024. The adoption of ASU 2020-04 did not significantly impact the Corporation's financial statements and related disclosures.

Accounting Standards Adopted in 2021

In August 2018, the FASB issued ASU 2018-14, "Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans." ASU 2018-14 amends ASC 715-20, "Compensation - Retirement Benefits - Defined Benefit Plans - General." The amended guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans by removing and adding certain disclosures for these plans. The eliminated disclosures include (a) the amounts in accumulated Other Comprehensive Income expected to be recognized in net periodic benefit costs over the next fiscal year, and (b) the effects of a one percentage point change in assumed health care cost trend rates on the net periodic benefit costs and the benefit obligation for post-retirement health care benefits. Additional disclosures include descriptions of significant gains and losses affecting the benefit obligation for the period. ASU 2018-14 was effective for the Corporation on January 1, 2021 and did not have a material impact on the Corporation's financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." These amendments remove specific exceptions to the general principles in Topic 740 in GAAP. It eliminates the need for an organization to analyze whether the following apply in a given period: exception to the incremental approach for intraperiod tax allocation; exceptions to accounting for basis differences where there are ownership changes in foreign investments; and exception in interim period income tax accounting for year-to-date losses that exceed anticipated losses. It also improves financial statement preparers' application of income tax-related guidance and simplifies GAAP for: franchise taxes that are partially based on income; transactions with a government that result in a step up in the tax basis of goodwill; separate financial statements of legal entities that are not subject to tax; and enacts changes in tax laws in interim periods. The guidance is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. ASU 2019-12 was effective for the Corporation on January 1, 2021 and did not have a material impact on the Corporation's financial statements and related disclosures.

In January 2020, the FASB issued ASU 2020-01 - Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. ASU 2020-01 represents changes to clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the guidance in Topic 815. These amendments improve current U.S. GAAP by reducing diversity in practice and increasing comparability of the accounting for these transactions. ASU 2020-01 was effective for the Corporation on January 1, 2021 and did not have a material impact on the Corporation's financial statements and related disclosures.

In October 2020, the FASB issued ASU 2020-08 - Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs. ASU 2020-08 clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 for each reporting period. ASU 2020-08 was effective for the Corporation on January 1, 2021 and did not have a material impact on the Corporation's financial statements and related disclosures.

In January 2021, the FASB issued ASU 2021-01 - Reference Rate Reform (Topic 848). ASU 2021-01 expands and clarifies the scope of ASU No. 2020-04 to include derivatives affected by changes in interest rates used for margining, discounting, or contract price alignment, commonly referred to as the "discounting transaction." Derivatives impacted by the discounting transaction will be eligible for certain optional expedients and exceptions related to contract modifications and hedge accounting as defined in Topic 848. The amendments in this update are effective for all entities as of March 12, 2020, and based upon the amendments provided in ASU 2022-06 discussed below, can generally be applied through December 31, 2024. The adoption of ASU 2021-01 did not significantly impact the Corporation's financial statements and related disclosures.

In August 2021, FASB issued ASU 2021-06 - Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services—Investment Companies (Topic 946). ASU 2021-06 updates the codification to align with SEC Final Rule Releases No. 33-10786 and No. 33-10835. Specific to financial institutions, these SEC releases updated required annual statistical disclosures. The amendments in ASU 2021-06 were effective immediately. The updates to the statistical disclosures are reflected in the Corporation's Annual Report on Form 10-K for the fiscal year ending December 31, 2021, to align with this guidance.

Effects Accounting Standards Adopted in 2022

In December 2022, FASB issued ASU 2022-06 - Reference Rate Reform (Topic 848). ASU 2022-06 extends the period of **Newly Issued But Not Yet Effective** time preparers can utilize the reference rate reform relief guidance provided by ASU 2020-04 and ASU 2021-01, which are discussed above. ASU 2022-06, which was effective upon issuance, defers the sunset date of this prior guidance from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief guidance in Topic 848. ASU 2022-06 did not have a material impact on the Corporation's financial statements and related disclosures.

Accounting Standards Adopted in 2023

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

In March 2022, the FASB issued ASU 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method." Under prior guidance, entities can apply the last-of-layer hedging method to hedge the exposure of a closed portfolio of prepayable financial assets to fair value changes due to changes in interest rates for a portion of the

portfolio that is not expected to be affected by prepayments, defaults, and other events affecting the timing and amount of cash flows. ASU 2022-01 expands the last-of-layer method, which permits only one hedge layer, to allow multiple hedged layers of a single closed portfolio. To reflect that expansion, the last-of-layer method is renamed the portfolio layer method. ASU 2022-01 also (i) expands the scope of the portfolio layer method to include non-prepayable financial assets, (ii) specifies eligible hedging instruments in a single-layer hedge, (iii) provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method and (iv) specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio. ASU 2022-01 ~~will be~~ was effective for the Corporation on January 1, 2023. The Corporation is evaluating the effect that ASU 2022-01 ~~will~~ and did not have a material impact on its consolidated financial statements and related disclosures.

In March 2022, the FASB issued ASU No. 2022-02, "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." This ASU eliminates the separate recognition and measurement guidance for TDRs Troubled Debt Restructurings ("TDRs") by creditors. The elimination of the TDRs guidance may be adopted prospectively for loan modifications after adoption or on a modified retrospective basis, which would also apply to loans previously modified, resulting in a cumulative effect adjustment to retained earnings in the period of adoption for changes in the allowance for credit losses. This guidance is ASU 2022-02 was effective for the Corporation on January 1, 2023, with early adoption permitted. The Corporation is evaluating the effect that ASU 2022-02 ~~will~~ and did not have a material impact on its consolidated financial statements and related disclosures.

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

Effects of Newly Issued But Not Yet Effective Accounting Standards

In June 2022, FASB issued ASU No. 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." In this ASU, a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The ASU also requires certain disclosures for equity securities that are subject to contractual restrictions. This guidance is effective for the Corporation on January 1, 2024, with early adoption permitted. The Corporation is evaluating the effect that ASU 2022-03 ~~will~~ have on its consolidated financial statements and related disclosures.

In March 2023, FASB issued ASU 2023-01, "Leases (Topic 842): Common Control Arrangements." This ASU requires the Corporation to amortize leasehold improvements associated with common control leases over the useful life to the common control group. This guidance is effective for the Corporation on January 1, 2024 with early adoption permitted. The Corporation is evaluating the effect that ASU 2023-01 ~~will~~ have on its consolidated financial statements and related disclosures.

In March 2023, FASB issued ASU 2023-02, "Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." In this ASU, these amendments allow the Corporation to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This guidance is effective for the Corporation on January 1, 2024 with early adoption permitted. The Corporation is evaluating the effect that ASU 2023-02 ~~will~~ have on its consolidated financial statements and related disclosures.

In December 2022, August 2023, FASB issued ASU No. 2022-06 2023-05, "Business Combinations - Reference Rate Reform (Topic 848) Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." ASU 2023-05 requires certain joint ventures to apply a new basis of accounting upon formation by recognizing and initially measuring most of their assets and liabilities at fair value. The objectives of the amendments are to provide decision-useful information to investors and other allocators of capital in a joint venture's financial statements and also to reduce diversity in practice. ASU 2023-05 should be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. ASU 2022-06 extends Early adoption is permitted, and joint ventures formed prior to the period of time preparers can utilize the reference rate reform relief guidance provided by ASU 2020-04 and ASU 2021-01, which are discussed above. ASU 2022-06, which was effective upon issuance, defers the sunset adoption date of this prior guidance from December 31, 2022 to December 31, 2024, after which entities ~~will no longer be permitted~~ may elect to apply the ~~relief~~ new guidance retrospectively back to their original formation date. The Corporation is evaluating the effect that ASU 2023-05 ~~will~~ have on its consolidated financial statements and related disclosures.

In October 2023, FASB issued ASU 2023-06, "Disclosure Improvements: Codification Amendments in Topic 848, Response to the SEC's Disclosure Update and Simplification Initiative." The ASU 2022-06 ~~did~~ amends the ASC to incorporate certain disclosure requirements from SEC Release No. 33-10532 - Disclosure Update and Simplification that was issued in 2018. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Corporation is evaluating the effect that ASU 2023-06 ~~will~~ have on its consolidated financial statements and related disclosures.

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

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

2. Business Combinations

On July 17, 2020, the Corporation completed its previously announced acquisition of Bank of Akron for either (x) \$215.00 in cash or (y) 6.6729 shares of the Corporation's common stock and also received cash in lieu of fractional shares. Based on the elections and proration procedures, the total consideration payable to Bank of Akron shareholders was approximately \$40.8 million, comprised of approximately \$16.1 million in cash and 1,501,321 shares of the Corporation's common stock, net of fractional shares, valued at approximately \$24.7 million based on the July 17, 2020 closing price of \$16.43 per share of the Corporation's common stock.

Bank of Akron's results of operations were included in the Corporation's results of operations beginning July 17, 2020. The Corporation incurred no merger-related expenses during the years ended December 31, 2022 and 2021, respectively, and \$4.0 million of merger-related expenses during the year ended December 31, 2020, consisting largely of professional services of attorneys, accountants, investment bankers and other advisors.

3. Securities

Securities AFS debt securities at December 31, 2022 December 31, 2023 and 2021 2022 were as follows:

	December 31, 2023					
	Amortized		Gross Unrealized		Allowance For	
	Cost	Gains	Losses	Credit Losses	Value	
U.S. Gov't sponsored entities	\$ 5,024	\$ —	\$ (36)	\$ —	\$ 4,988	
State & political subdivisions	105,102	22	(13,315)	—	91,809	
Residential & multi-family mortgage	225,871	1	(34,353)	—	191,519	
Corporate notes & bonds	48,459	13	(5,333)	—	43,139	
Pooled SBA	11,347	—	(847)	—	10,500	
Total	\$ 395,803	\$ 36	\$ (53,884)	\$ —	\$ 341,955	

	December 31, 2022					
	Amortized		Gross Unrealized		Allowance For	
	Cost	Gains	Losses	Credit Losses	Value	
U.S. Gov't sponsored entities	\$ 3,213	\$ —	\$ (84)	\$ —	\$ 3,129	
State & political subdivisions	112,734	24	(17,095)	—	95,663	
Residential & multi-family mortgage	256,111	—	(38,564)	—	217,547	
Corporate notes & bonds	47,111	—	(4,720)	—	42,391	
Pooled SBA	13,823	—	(1,144)	—	12,679	
Total	\$ 432,992	\$ 24	\$ (61,607)	\$ —	\$ 371,409	

	December 31, 2021					
	Amortized		Gross Unrealized		Allowance For	
	Cost	Gains	Losses	Credit Losses	Value	
U.S. Gov't sponsored entities	\$ 110,788	\$ 2,728	\$ (1,768)	\$ —	\$ 111,748	
State & political subdivisions	103,232	2,162	(1,682)	—	103,712	
Residential & multi-family mortgage	437,021	4,127	(6,513)	—	434,635	
Corporate notes & bonds	28,257	250	(443)	—	28,064	
Pooled SBA	18,787	283	(38)	—	19,032	
Total	\$ 698,085	\$ 9,550	\$ (10,444)	\$ —	\$ 697,191	

Debt HTM debt securities HTM at December 31, 2022 December 31, 2023 and 2021 2022 are as follows:

	December 31, 2022					December 31, 2023				
	Gross		Allowance			Gross		Allowance		
	Amortized	Unrealized	For	Fair		Amortized	Unrealized	For	Fair	
	Cost	Gains	Losses	Credit Losses		Cost	Gains	Losses	Credit Losses	
	Cost	Gains	Losses	Value		Cost	Gains	Losses	Value	

U.S. Gov't sponsored entities	U.S. Gov't sponsored entities	\$307,711	\$ —	\$(27,276)	\$ —	\$280,435
Residential & multi-family mortgage	Residential & multi-family mortgage	97,054	—	(10,101)	—	86,953
Total	Total	\$404,765	\$ —	\$(37,377)	\$ —	\$367,388

	December 31, 2021				
	Amortized Cost	Gross Unrealized			Allowance For Credit Losses
		Gains	Losses		
U.S. Gov't sponsored entities	\$ —	\$ —	\$ —	\$ —	\$ —
Residential & multi-family mortgage	—	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ —

	December 31, 2022				
	Amortized Cost	Gross Unrealized			Allowance For Credit Losses
		Gains	Losses		
U.S. Gov't sponsored entities	\$ 307,711	\$ —	\$ —	\$(27,276)	\$ —
Residential & multi-family mortgage	97,054	—	(10,101)	—	86,953
Total	\$ 404,765	\$ —	\$ (37,377)	\$ —	\$ 367,388

The Corporation elected to transfer 2374 AFS debt securities with an aggregate fair value of \$101.1 million to a classification of HTM on January 1, 2022 during the year ended December 31, 2022. In accordance with FASB ASC 320-10-55-24, the transfer from AFS to HTM must be recorded at the fair value of the AFS debt securities at the time of transfer. The net unrealized holding gain of \$373 thousand, net of tax, at the date of transfer was retained in accumulated other comprehensive income (loss), with the associated pre-tax amount retained in the carrying value of the HTM securities. Such amounts will be amortized to comprehensive income over the remaining life of the securities.

The Corporation elected to transfer 51 AFS securities with an aggregate fair value of \$112.6 million to a classification of HTM on April 1, 2022. The net unrealized holding loss of \$6.0 million, net of tax, at the date of transfer was retained in accumulated other comprehensive income (loss), with the associated pre-tax amount retained in the carrying value of the HTM debt securities. Such amounts will be amortized to comprehensive income over the remaining life of the securities.

Information pertaining to security sales is as follows:

Year ended	Year ended	Proceeds	Gross Gains	Gross Losses	Year ended December 31	Proceeds	Gross Gains	Gross Losses
December	December							
31	31							
2023								
2022	2022	\$ 22,164	\$ 651	\$ —				
2021	2021	33,553	783	—				
2020		57,185	2,257	67				

The tax provision related to these net realized gains at December 31, 2022 December 31, 2023, 2022 and 2021 and 2020 were \$11 thousand, \$137 thousand, \$164 thousand, and \$460 thousand, respectively.

The following is a schedule of the contractual maturity of securities AFS and HTM debt securities, excluding equity securities, at December 31, 2022 December 31, 2023:

	Available-for-sale				Held-to-maturity			
	Available-for-sale		Held-to-maturity		Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
1 year or less	\$ 4,693	\$ 4,661	\$ 5,058	\$ 4,966				
1 year – 5 years	43,759	41,340	242,927	225,060				
5 years – 10 years	90,489	77,501	59,726	50,409				

After 10 years	After 10 years	24,117	17,681	—	—
		163,058	141,183	307,711	280,435
		158,585			
Residential and multi-family mortgage	Residential and multi-family mortgage	256,111	217,547	97,054	86,953
Pooled SBA	Pooled SBA	13,823	12,679	—	—
Total debt securities	Total debt securities	\$ 432,992	\$ 371,409	\$ 404,765	\$ 367,388
Total debt securities	Total debt securities				

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

On December 31, 2022 December 31, 2023 and 2021, 2022, securities carried at \$561.8 million \$489.0 million and \$461.5 million \$561.8 million, respectively, were pledged to secure public deposits and for other purposes as provided by law.

At December 31, 2022 December 31, 2023 and 2021, 2022, there were no holdings of securities by any one issuer, other than U.S. Government sponsored entities, in an amount greater than 10% of shareholders' equity.

AFS debt securities with unrealized losses at December 31, 2022 December 31, 2023 and 2021, 2022, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

December 31, 2022		Less than 12 Months		12 Months or More		Total		December 31, 2023		Less than 12 Months		12 Months or More		Total			
December	31, 2023	Description	Description	of	Unrealized	Fair	Unrealized	of	Unrealized	Fair	Unrealized	of	Unrealized	Fair	Unrealized	Value	Loss
		of	of	Securities	Value	Loss	Value	Securities	Value	Loss	Value	Securities	Value	Loss	Value	Loss	
U.S. Gov't sponsored entities	\$ 3,129	\$ (84)	\$ —	\$ —	\$ 3,129	\$ (84)											
State & political subdivisions	34,667	(1,887)	54,546	(15,208)	89,213	(17,095)											
Residential & multi-family mortgage	48,996	(3,122)	168,551	(35,442)	217,547	(38,564)											
Corporate notes & bonds	31,730	(3,403)	10,661	(1,317)	42,391	(4,720)											
Pooled SBA	Pooled SBA	Pooled SBA	Pooled SBA	5,107	(314)	7,572	(830)	12,679	(1,144)								
Total	Total	Total	Total	\$ 123,629	\$ (8,810)	\$ 241,330	\$ (52,797)	\$ 364,959	\$ (61,607)								
Total	Total																

December 31, 2021		Less than 12 Months		12 Months or More		Total		December 31, 2022		Less than 12 Months		12 Months or More		Total		
December	31, 2022															

Description of Securities	Description of Securities	Fair Value	Unrealized Loss								
U.S. Gov't sponsored entities	U.S. Gov't sponsored entities	\$ 23,733	\$ (553)	\$ 37,911	\$ (1,215)	\$ 61,644	\$ (1,768)				
State & political subdivisions	State & political subdivisions	55,636	(1,399)	5,026	(283)	60,662	(1,682)				
Residential and multi-family mortgage	Residential and multi-family mortgage	248,690	(4,837)	45,185	(1,676)	293,875	(6,513)				
Corporate notes & bonds	Corporate notes & bonds	6,466	(249)	3,806	(194)	10,272	(443)				
Pooled SBA	Pooled SBA	4,394	(37)	127	(1)	4,521	(38)				
Total	Total	\$338,919	\$ (7,075)	\$ 92,055	\$ (3,369)	\$ 430,974	\$ (10,444)				
Total											
Total											

HTM debt securities with unrealized losses at December 31, 2022 December 31, 2023 and 2021, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

December 31, 2022		Less than 12 Months	12 Months or More	Total	December 31, 2023		Less than 12 Months	12 Months or More	Total
December	31, 2023				December	31, 2023			
Description of Securities	Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	U.S. Gov't sponsored entities	\$ 143,556	\$ (10,063)	\$ 136,879	\$ (17,213)	\$ 280,435	\$ (27,276)		
Residential & multi-family mortgage	Residential & multi-family mortgage	24,132	(2,253)	62,821	(7,848)	86,953	(10,101)		
Total	Total	\$167,688	\$ (12,316)	\$199,700	\$ (25,061)	\$367,388	\$ (37,377)		
Total									
Total									

Description of Securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State & political subdivisions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Description of Securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	\$ 143,556	\$ (10,063)	\$ 136,879	\$ (17,213)	\$ 280,435	\$ (27,276)
State & political subdivisions	24,132	(2,253)	62,821	(7,848)	86,953	(10,101)
Total	\$167,688	\$ (12,316)	\$199,700	\$ (25,061)	\$367,388	\$ (37,377)

The Corporation evaluates securities for possible credit allowance on a quarterly basis, or more frequently when economic or market conditions warrant such an evaluation.

As of **December 31, 2022** **December 31, 2023** and **2021**, management performed an assessment for allowance for credit losses on the Corporation's AFS debt securities in an unrealized loss position and as of **December 31, 2022** **December 31, 2023** management performed an assessment for allowance for credit losses on the Corporation's HTM debt securities.

First an assessment was performed to determine if the Corporation 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. Management determined it does not intend to sell and will not be required to sell any of the securities before recovery of its amortized cost. Next, management performed an evaluation relying on information obtained from various sources, including publicly available financial data, ratings by external agencies, brokers and other sources. For the securities that comprise corporate notes and bonds and the securities that are issued by state and political subdivisions, management monitors publicly available financial information, such as filings with the Securities and Exchange Commission, in order to evaluate the securities credit quality and ability to repay its debt obligations. For financial institution issuers, management monitors information from quarterly "call" report filings that are used to generate Uniform Bank Performance Reports. All other securities that were in an unrealized loss position at the balance sheet date were reviewed by management, and issuer-specific documents were reviewed as appropriate given the following considerations; the financial condition and near-term prospects of the issuer and whether downgrades by bond rating agencies have occurred. Based on the results of the assessment, management believes the decline in fair value is not the result of credit losses. As a result no credit allowance is required as of **December 31, 2022** **December 31, 2023**.

As of **December 31, 2022** **December 31, 2023** and **2021** management concluded that the securities described in the previous paragraph did not decline in fair value due to credit factors for the following reasons:

- There is no indication of any significant deterioration of the creditworthiness of the institutions that issued the securities.
- All contractual interest payments on the securities have been received as scheduled, and no information has come to management's attention through the processes previously described which would lead to a conclusion that future contractual payments will not be timely received.

In addition, the rise in interest rates is the primary driver of the decline in fair value **below amortized cost** as of **December 31, 2022** **December 31, 2023**.

Equity securities at **December 31, 2022** **December 31, 2023** and **2021** were as follows:

	December 31, 2022	December 31, 2021		December 31, 2023	December 31, 2022
Corporate equity securities	Corporate equity securities				
	\$ 6,973	\$ 6,715			
Mutual funds	Mutual funds				
	1,406	2,566			
Money market	Money market				
	479	506			
Corporate notes	Corporate notes				
	757	579			
Total	Total				
	\$ 9,615	\$ 10,366			
Total					
Total					

During the year ended **December 31, 2022** **December 31, 2023**, **2021**, **2022**, and **2020**, the proceeds from sold equity securities were **zero** **\$296 thousand** in **December 31, 2022** **December 31, 2023**, **zero** in **December 31, 2021** **December 31, 2022** and **\$5.9 million** **zero** in **December 31, 2020** **December 31, 2021**, resulting in net realized gains of **\$22 thousand** in **December 31, 2023**, **zero** in **December 31, 2022**, and **zero** in **December 31, 2021**, and **\$75 thousand** in **December 31, 2020**.

4.3. Loans Receivable and Allowance for Credit Losses

Total net loans receivable at **December 31, 2022** **December 31, 2023** and **2021** are summarized as follows:

	Percentage of Total 2022	Percentage of Total 2021		Percentage of Total 2023	Percentage of Total 2022
2023					

Farmland	Farmland	\$ 32,168	0.8 %	\$ 23,768	0.7 %	Farmland	\$ 31,869	0.7	0.7 %	\$ 32,168	0.8 %
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	468,493	11.0	434,672	12.0						
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	1,198	—	1,379	—						
Commercial and Industrial	Commercial and Industrial										
1	1	791,911	18.5	708,989	19.5						
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	145,345	3.4	140,887	3.9						
Other loans	Other loans	24,710	0.6	13,979	0.4						
Other construction loans and all land development and other	Other construction loans and all land development and other										
Land loans	Land loans	446,685	10.5	298,869	8.2						
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	257,696	6.0	216,143	5.9						
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	795,315	18.6	663,062	18.2						
1-4 Family Construction	1-4 Family Construction	51,171	1.2	37,822	1.0						
Home equity lines of credit	Home equity lines of credit	124,892	2.9	104,517	2.9						
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	942,531	22.0	826,729	22.7						
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	74,638	1.7	56,689	1.6						
Other revolving credit plans	Other revolving credit plans	36,372	0.9	26,536	0.7						
Automobile	Automobile	21,806	0.5	20,862	0.6						
Other consumer	Other consumer	49,144	1.1	49,676	1.4						
Credit cards	Credit cards	10,825	0.3	9,935	0.3						
Overdrafts	Overdrafts	278	—	278	—						
Total loans	Total loans	\$ 4,275,178	100.0 %	\$ 3,634,792	100.0 %	Total loans	\$ 4,468,476	100.0	100.0 %	\$ 4,275,178	100.0 100.0 %
Less: Allowance for credit losses	Less: Allowance for credit losses	(43,436)		(37,588)							
Loans, net	Loans, net	\$ 4,231,742		\$ 3,597,204		Loans, net					

Net deferred loan origination fees (costs) included in the above loan table	Net deferred loan origination fees (costs) included in the above loan table
Net deferred loan origination fees (costs) included in the above loan table	Net deferred loan origination fees (costs) included in the above loan table

¹ PPP loans, net of deferred PPP processing fees, both those disbursed in 2020 and those disbursed in 2021, are included in the Commercial and Industrial classification.

¹ PPP loans, net of deferred PPP processing fees, both those disbursed in 2020 and those disbursed in 2021, are included in the Commercial and Industrial classification.

¹ PPP loans, net of deferred PPP processing fees, both those disbursed in 2020 and those disbursed in 2021, are included in the Commercial and Industrial classification.

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

During the second quarter of 2020, the Corporation began originating loans to qualified small businesses under the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA") under the provisions of the Coronavirus Aid, Relief, and Economic Security Act. PPP loans, both those disbursed in 2020 and those disbursed in 2021, are included in the commercial and industrial classification and, as the PPP loans are fully guaranteed by the Small Business Administration, no required allowance for credit losses was recorded against the PPP loans, net of deferred PPP processing fees, outstanding of \$159 thousand and \$45.2 million as of December 31, 2022 and 2021, respectively.

Syndicated loans, net of deferred fees and costs, are included in the commercial and industrial classification and totaled \$156.6 million \$108.7 million and \$125.8 million \$156.6 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Transactions in the allowance for credit losses for the year ended December 31, 2022 December 31, 2023 were as follows:

Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	1,649	—	—	214	1,863
Other loans	Other loans	149	—	—	307	456
Other construction loans and all land development and other land and other land loans	Other construction loans and all land development and other land and other land loans	2,198	—	—	1,055	3,253
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	2,289	—	—	64	2,353
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	6,481	(335)	336	1,171	7,653
1-4 Family Construction	1-4 Family Construction	158	—	—	169	327
Home equity lines of credit	Home equity lines of credit	1,169	—	12	(8)	1,173
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	6,943	(51)	28	1,564	8,484
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	546	—	—	489	1,035
Other revolving credit plans	Other revolving credit plans	528	(92)	50	236	722
Automobile	Automobile	263	(28)	2	34	271
Other consumer	Other consumer	2,546	(1,623)	89	1,653	2,665
Credit cards	Credit cards	92	(99)	38	36	67
Overdrafts	Overdrafts	241	(561)	138	460	278
Total loans	Total loans	\$ 37,588	\$ (2,985)	\$ 847	\$ 7,986	\$ 43,436

⁽¹⁾ Excludes provision for credit losses related to unfunded commitments. Note 20, 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

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

For the year ended December 31, 2022, Transactions in the allowance for credit losses increased due for the year ended December 31, 2022 were as follows:

			Provision (Benefit) for Credit Losses on Loans					
			Beginning		(Charge-offs)	Recoveries	Receivable ⁽¹⁾	Ending Allowance
			Allowance					
Farmland			\$ 151	\$ —	\$ (21)	\$ —	\$ 8	\$ 159
Owner-occupied, nonfarm nonresidential properties			3,339		(21)	15	(428)	2,905
Agricultural production and other loans to farmers			9		—	—	(3)	6
Commercial and Industrial			8,837		(175)	139	965	9,766
Obligations (other than securities and leases) of states and political subdivisions			1,649		—	—	214	1,863
Other loans			149		—	—	307	456
Other construction loans and all land development and other land loans			2,198		—	—	1,055	3,253
Multifamily (5 or more) residential properties			2,289		—	—	64	2,353

Non-owner occupied, nonfarm nonresidential properties	6,481	(335)	336	1,171	7,653
1-4 Family Construction	158	—	—	169	327
Home equity lines of credit	1,169	—	12	(8)	1,173
Residential Mortgages secured by first liens	6,943	(51)	28	1,564	8,484
Residential Mortgages secured by junior liens	546	—	—	489	1,035
Other revolving credit plans	528	(92)	50	236	722
Automobile	263	(28)	2	34	271
Other consumer	2,546	(1,623)	89	1,653	2,665
Credit cards	92	(99)	38	36	67
Overdrafts	241	(561)	138	460	278
Total loans	\$ 37,588	\$ (2,985)	\$ 847	\$ 7,986	\$ 43,436

(a) Excludes provision for credit losses related to the growth unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the Corporation's loan portfolio, including growth in new market areas. This was partially offset by improvements in consolidated financial statements provides more detail concerning the Corporation's historical loss rates, as well as the impact of net charge-offs. There is still a significant amount of uncertainty provision for credit losses related to unfunded commitments of the domestic and global economy, continued supply chain challenges, persistent inflation and the COVID-19 pandemic. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available. Corporation.

Transactions in the allowance for credit losses for the year ended December 31, 2021 were as follows:

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans		Ending Allowance
				Receivable ⁽¹⁾	(70)	
Farmland	\$ 221	\$ —	\$ —	\$ (70)	\$ 151	
Owner-occupied, nonfarm nonresidential properties	3,700	(584)	10	213	3,339	
Agricultural production and other loans to farmers	24	—	—	(15)	9	
Commercial and Industrial	6,233	(163)	203	2,564	8,837	
Obligations (other than securities and leases) of states and political subdivisions	998	(407)	30	1,028	1,649	
Other loans	68	—	—	81	149	
Other construction loans and all land development and other land loans	1,956	(282)	—	524	2,198	
Multifamily (5 or more) residential properties	2,724	—	—	(435)	2,289	
Non-owner occupied, nonfarm nonresidential properties	8,658	(49)	—	(2,128)	6,481	
1-4 Family Construction	82	—	—	76	158	
Home equity lines of credit	985	(7)	5	186	1,169	
Residential Mortgages secured by first liens	4,539	(79)	47	2,436	6,943	
Residential Mortgages secured by junior liens	241	(3)	—	308	546	
Other revolving credit plans	507	(41)	13	49	528	
Automobile	132	(26)	3	154	263	
Other consumer	2,962	(1,193)	140	637	2,546	
Credit cards	66	(112)	18	120	92	
Overdrafts	244	(438)	160	275	241	
Total loans	\$ 34,340	\$ (3,384)	\$ 629	\$ 6,003	\$ 37,588	

(a) Excludes provision for credit losses related to unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Transactions For the year ended December 31, 2023, the allowance for credit losses increased primarily due to the growth in the allowance Corporation's loan portfolio, including growth in new market areas. This was partially offset by improvements in the Corporation's historical loss rates, as well as the impact of net charge-offs. The year-over-year increase in reserves experienced in 2022 was primarily due to loan growth, the impact of net charge-offs, and the provision for credit losses recorded in 2022. There is still a significant amount of uncertainty related to the domestic and global economy, tightening credit conditions, persistent inflation, and higher interest rates. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Provision for credit losses was \$6.0 million for the year ended December 31, 2023, compared to \$8.6 million and \$6.0 million for the years ended December 31, 2022 and 2021, respectively. Included in the provision for credit losses for the year ended December 31, 2020 were as follows: December 31, 2023 was \$156 thousand related to the allowance for

unfunded commitments compared to \$603 thousand and zero provision towards the allowance for unfunded commitments for the years ended December 31, 2022 and 2021, respectively.

	Beginning		Initial Allowance on Loans						Provision (Benefit) for		
	Allowance		Impact of ASC 326		Purchased with Credit				Credit Losses on Loans		Ending Allowance (After
	(Before ASC 326	Adoption)	Adoption	Deterioration	(Charge-offs)	Recoveries	Receivable ⁽¹⁾	ASC 326 Adoption)			
Farmland	\$ 190	\$ 61	—	—	—	—	—	—	\$ (30)	\$ 221	
Owner-occupied, nonfarm nonresidential properties	2,390	(754)	82	(61)	—	12	—	—	2,031	3,700	
Agricultural production and other loans to farmers	25	5	—	—	—	—	—	—	(6)	24	
Commercial and Industrial	4,105	(631)	216	(2,779)	39	—	—	—	5,283	6,233	
Obligations (other than securities and leases) of states and political subdivisions	1,022	(231)	—	—	—	—	—	—	207	998	
Other loans	41	8	—	—	—	—	—	—	19	68	
Other construction loans and all land development and other land loans	2,327	780	228	—	125	—	—	—	(1,504)	1,956	
Multifamily (5 or more) residential properties	1,087	312	24	—	—	—	—	—	1,301	2,724	
Non-owner occupied, nonfarm nonresidential properties	3,980	2,547	335	(1,522)	52	—	—	—	3,266	8,658	
1-4 Family Construction	56	(35)	—	—	—	—	—	—	61	82	
Home equity lines of credit	180	421	22	(6)	1	—	—	—	367	985	
Residential Mortgages secured by first liens	1,220	1,100	73	(285)	65	—	—	—	2,366	4,539	
Residential Mortgages secured by junior liens	114	135	—	(158)	2	—	—	—	148	241	
Other revolving credit plans	296	378	—	(137)	21	—	—	—	(51)	507	
Automobile	156	(96)	—	(29)	2	—	—	—	99	132	
Other consumer	1,960	1,021	—	(1,513)	130	—	—	—	1,364	2,962	
Credit cards	84	(58)	—	(153)	14	—	—	—	179	66	
Overdrafts	240	—	—	(435)	185	—	—	—	254	244	
Total loans	\$ 19,473	\$ 4,963	\$ 980	\$ (7,078)	\$ 648	\$ 15,354	\$ 34,340				

⁽¹⁾ Excludes provision for credit losses related to unfunded commitments. Note 20, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively:

December 31, 2022											
Loans											
Nonaccrual											
Nonaccrual											
With No over 89											
Allowance											
Days											
for Credit											
Still											
Nonaccrual											
Loss											
Accruing											
December 31, 2023											
Nonaccrual				Nonaccrual				Nonaccrual With No Allowance for Credit Loss			
Farmland				Nonaccrual				Loans Past Due over 89 Days Still Accruing			
Farmland	Farmland	\$ 1,011	\$ 1,011	\$ 994							
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,055	1,987	—							
Commercial and Industrial	Commercial and Industrial	5,485	2,366	71							
Commercial and Industrial	Commercial and Industrial										

Other construction loans and all land development and other land loans					
Other construction loans and all land development and other land loans					
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	567	567	—	
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,066	423	—	
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	5,081	2,665	—	
Home equity lines of credit					
Home equity lines of credit					
Home equity lines of credit	Home equity lines of credit	475	475	—	
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	4,329	3,882	48	
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	91	91	—	
Other revolving credit plans	Other revolving credit plans	26	26	—	
Automobile	Automobile	19	19	—	
Other consumer	Other consumer	781	781	—	
Credit cards	Credit cards	—	—	8	
Total loans	Total loans	\$ 20,986	\$ 14,293	\$ 1,121	
Total loans					
Total loans					

December 31, 2021					
Loans			Past Due		
Nonaccrual			With No over 89 Days Still Accruing		
Nonaccrual	Loss	Accruing	Nonaccrual	With No over 89 Days Still Accruing	Loss
December 31, 2022			December 31, 2022		
Nonaccrual			Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due over 89 Days Still Accruing
Farmland	Farmland	\$ 965	\$ 965	\$ —	

Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	850	762	—
Commercial and Industrial	Commercial and Industrial	7,060	1,653	8
Commercial and Industrial				
Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	516	77	—
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,270	5	—
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	3,771	2,143	—
Home equity lines of credit				
Home equity lines of credit				
Home equity lines of credit	Home equity lines of credit	824	824	—
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	3,410	3,410	137
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	147	147	—
Other revolving credit plans	Other revolving credit plans	13	13	—
Automobile	Automobile	36	36	—
Other consumer	Other consumer	558	558	—
Credit cards	Credit cards	—	—	23
Total loans	Total loans	\$ 19,420	\$ 10,593	\$ 168
Total loans				
Total loans				

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

The following tables present the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively:

	December 31, 2023	
	Real Estate Collateral	Non-Real Estate Collateral
Farmland	\$ 736	\$ —
Owner-occupied, nonfarm nonresidential properties	6,890	4
Commercial and Industrial	5,489	4,291
Other construction loans and all land development and other land loans	1,549	—
Multifamily (5 or more) residential properties	305	—
Non-owner occupied, nonfarm nonresidential properties	8,291	—
Home equity lines of credit	308	—
Residential Mortgages secured by first liens	1,070	—
Total loans	<u><u>\$ 24,638</u></u>	<u><u>\$ 4,295</u></u>

	December 31, 2022	
	Real Estate Collateral	Non-Real Estate Collateral
Farmland	\$ 829	\$ —
Owner-occupied, nonfarm nonresidential properties	1,296	4
Commercial and Industrial	—	1,904
Other construction loans and all land development and other land loans	501	—
Multifamily (5 or more) residential properties	1,066	—
Non-owner occupied, nonfarm nonresidential properties	5,874	—
Home equity lines of credit	335	—
Residential Mortgages secured by first liens	1,150	—
Total loans	<u><u>\$ 11,051</u></u>	<u><u>\$ 1,908</u></u>

	December 31, 2021	
	Real Estate Collateral	Non-Real Estate Collateral
Farmland	\$ 920	\$ —
Owner-occupied, nonfarm nonresidential properties	194	9
Commercial and Industrial	1,488	2,351
Other construction loans and all land development and other land loans	438	—
Multifamily (5 or more) residential properties	1,265	—
Non-owner occupied, nonfarm nonresidential properties	3,378	—
Residential Mortgages secured by first liens	435	—
Total loans	<u><u>\$ 8,118</u></u>	<u><u>\$ 2,360</u></u>

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

	30 - 59		60 - 89		Greater Than 89		Total Past Due	Loans Not Past Due	Total
	Days Past Due	Days Past Due	Days Past Due	Days Past Due	Total Past Due				
Farmland	\$ —	\$ 182	\$ 129	\$ 311	\$ 31,869				
Owner-occupied, nonfarm nonresidential properties	120	—	1,390	1,510	491,554	493,064			
Agricultural production and other loans to farmers	—	—	—	—	1,652	1,652			
Commercial and Industrial	64	379	314	757	725,685	726,442			
Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	152,201	152,201			
Other loans	—	—	—	—	25,507	25,507			

Other construction loans and all land development and other land loans	—	41	1,612	1,653	489,886	491,539
Multifamily (5 or more) residential properties	—	—	305	305	254,037	254,342
Non-owner occupied, nonfarm nonresidential properties	95	299	2,031	2,425	893,618	896,043
1-4 Family Construction	—	—	—	—	51,207	51,207
Home equity lines of credit	582	682	339	1,603	129,097	130,700
Residential Mortgages secured by first liens	2,360	1,094	1,651	5,105	985,881	990,986
Residential Mortgages secured by junior liens	21	38	60	119	90,944	91,063
Other revolving credit plans	114	41	14	169	42,708	42,877
Automobile	62	5	67	134	25,181	25,315
Other consumer	452	453	354	1,259	50,333	51,592
Credit cards	110	17	32	159	11,626	11,785
Overdrafts	—	—	—	—	292	292
Total loans	\$ 3,980	\$ 3,231	\$ 8,298	\$ 15,509	\$ 4,452,967	\$ 4,468,476

The following table presents the aging of the amortized cost basis in past-due loans as of December 31, 2022 by class of loans:

	30 - 59	60 - 89	Greater Than 89	Total Past Due	Loans Not Past Due	Total
	Days Past Due	Days Past Due	Days Past Due			
Farmland	\$ —	\$ —	\$ 1,136	\$ 1,136	\$ 31,032	\$ 32,168
Owner-occupied, nonfarm nonresidential properties	185	27	734	946	467,547	468,493
Agricultural production and other loans to farmers	—	—	—	—	1,198	1,198
Commercial and Industrial	246	93	611	950	790,961	791,911
Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	145,345	145,345
Other loans	—	—	—	—	24,710	24,710
Other construction loans and all land development and other land loans	1,522	—	501	2,023	444,662	446,685
Multifamily (5 or more) residential properties	706	—	90	796	256,900	257,696
Non-owner occupied, nonfarm nonresidential properties	113	60	879	1,052	794,263	795,315
1-4 Family Construction	—	—	—	—	51,171	51,171
Home equity lines of credit	203	10	49	262	124,630	124,892
Residential Mortgages secured by first liens	1,302	538	1,775	3,615	938,916	942,531
Residential Mortgages secured by junior liens	5	—	51	56	74,582	74,638
Other revolving credit plans	65	27	—	92	36,280	36,372
Automobile	36	—	—	36	21,770	21,806
Other consumer	361	188	473	1,022	48,122	49,144
Credit cards	196	18	8	222	10,603	10,825
Overdrafts	—	—	—	—	278	278
Total loans	\$ 4,940	\$ 961	\$ 6,307	\$ 12,208	\$ 4,262,970	\$ 4,275,178

Loan Modifications

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

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

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

The following table presents the aging amortized cost basis of loans at December 31, 2023 that were both experiencing financial difficulty and modified during the year ended December 31, 2023, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in past-due loans financial distress as compared to the amortized cost basis of December 31, 2021 by each class of loans financing receivable is also presented below:

	30 - 59		60 - 89		Greater Than 90		Total Past Due	Loans Not Past Due	Total
	Days Past Due		Days Past Due		Days Past Due				
Farmland	\$ 348		—	\$ 414	—	\$ 710	348	\$ 23,420	\$ 23,768
Owner-occupied, nonfarm nonresidential properties	278		18	—	—	—	710	433,962	434,672
Agricultural production and other loans to farmers	—		—	—	—	—	—	1,379	1,379
Commercial and Industrial	377		13	—	333	—	723	708,266	708,989
Obligations (other than securities and leases) of states and political subdivisions	—		—	—	—	—	—	140,887	140,887
Other loans	—		—	—	—	—	—	13,979	13,979
Other construction loans and all land development and other land loans	—		—	77	—	77	—	298,792	298,869
Multifamily (5 or more) residential properties	—		10	—	209	—	219	215,924	216,143
Non-owner occupied, nonfarm nonresidential properties	—		—	—	1,792	—	1,792	661,270	663,062
1-4 Family Construction	—		—	—	—	—	—	37,822	37,822
Home equity lines of credit	506		50	—	172	—	728	103,789	104,517
Residential Mortgages secured by first liens	1,286		1,145	—	1,647	—	4,078	822,651	826,729
Residential Mortgages secured by junior liens	32		24	—	1	—	57	56,632	56,689
Other revolving credit plans	56		17	—	4	—	77	26,459	26,536
Automobile	45		3	—	23	—	71	20,791	20,862
Other consumer	283		158	—	295	—	736	48,940	49,676
Credit cards	26		12	—	23	—	61	9,874	9,935
Overdrafts	—		—	—	—	—	—	278	278
Total loans	\$ 3,237		\$ 1,450		\$ 4,990		\$ 9,677	\$ 3,625,115	\$ 3,634,792

	Principal Forgiveness	Payment Delay	Term Extension	Combination			Total Class of Financing Receivable
				Interest Rate Reduction	Payment Delay and Term Extension	Term Extension	
Owner-occupied, nonfarm nonresidential properties	\$ —	\$ 5,934	\$ —	\$ —	\$ —	\$ —	1.2 %
Commercial and Industrial	—	7,794	524	320	—	—	1.2
Non-owner occupied, nonfarm nonresidential properties	—	5,911	—	—	—	785	0.7
Residential Mortgages secured by first liens	—	—	414	—	—	—	—
Residential Mortgages secured by junior liens	—	—	29	—	—	—	—
Total	\$ —	\$ 19,639	\$ 967	\$ 320	\$ 785	\$ 785	0.5 %

The Corporation has zero in unfunded available credit to customers whose loan receivables are included in the previous table.

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

The following table presents the performance of such loans that have been modified during the year ended December 31, 2023:

	Current	30 - 59		60 - 89		Greater Than 90		Total Past Due
		Days Past Due	Days Past Due					
Owner-occupied, nonfarm nonresidential properties	\$ 5,934	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial and Industrial	8,638	—	—	—	—	—	—	—
Non-owner occupied, nonfarm nonresidential properties	6,696	—	—	—	—	—	—	—
Residential Mortgages secured by first liens	414	—	—	—	—	—	—	—
Residential Mortgages secured by junior liens	29	—	—	—	—	—	—	—
Total	\$ 21,711	\$ —	\$ —	\$ —				

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the year ended December 31, 2023:

	Principal Forgiveness	Weighted Average		Weighted Average Interest Rate Reduction
		Term Extension (in years)	Term Extension	
Commercial and Industrial	\$ —	—	1.00	0.5 %
Non-owner occupied, nonfarm nonresidential properties	—	—	0.75	—
Residential Mortgages secured by first liens	—	—	0.50	—
Residential Mortgages secured by junior liens	—	—	0.50	—
Total	\$ —	—	0.76	0.5 %

The following table presents the amortized cost basis of loans that had a payment default during the year ended December 31, 2023 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty:

	Principal Forgiveness	Payment Delay	Term Extension	Combination	
				Interest Rate Reduction	Payment Delay and Term Extension
Other construction loans and all land development and other land loans	\$ —	\$ 1,549	\$ —	\$ —	\$ —
Non-owner occupied, nonfarm nonresidential properties	—	—	1,523	—	—
Total	\$ —	\$ 1,549	\$ 1,523	\$ —	\$ —

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

Troubled Debt Restructurings Prior to the Adoption of ASU 2022-02

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without a loan modification. This evaluation is performed using the Corporation's internal underwriting policies. The Corporation has no further loan commitments to customers whose loan receivables are classified as a TDR.

During the years ended As of December 31, 2022 and 2021, the terms of certain loans were modified as TDRs. The modification of the terms of such loans included either or both of the following: a reduction of the stated interest rate of the loan; or an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk. The Corporation had an amortized cost in troubled debt restructurings TDRs of \$12.4 million \$12.4 million and \$16.6 million \$16.6 million as of December 31, 2022 and 2021, respectively. The Corporation has allocated \$2.2 million \$2.2 million and \$2.6 million \$2.6 million of allowance for those loans as of December 31, 2022 and 2021, respectively.

The following table presents loans by class modified as troubled debt restructurings that occurred during the years ended December 31, 2022, 2021, and 2020:

	Year Ended December 31, 2022			
	Number of Loans	Pre-Modification		Post-Modification Investment
		Outstanding Recorded Investment	Outstanding Recorded Investment	
Commercial and Industrial	1	\$ 96	\$ 96	Extend Amortization

Non-owner occupied, nonfarm nonresidential properties	1	1,784	1,784	Modify Rate and Extend
Total loans	2	\$ 1,880	\$ 1,880	Amortization

Year Ended December 31, 2021						
	Number of Loans	Pre-Modification		Post-Modification		Type of Modification
		Outstanding	Recorded Investment	Outstanding	Recorded Investment	
Commercial and Industrial		2	\$ 3,336	3,336	\$ 3,336	Modify Payment
Multifamily (5 or more) residential properties		1	717	717	717	Modify Payment
Non-owner occupied, nonfarm nonresidential properties		1	1,604	1,604	1,604	Modify Payment
Total loans	4	\$ 5,657	\$ 5,657	\$ 5,657	\$ 5,657	

Year Ended December 31, 2021				Year Ended December 31, 2021			
	Number of Loans	Pre-Modification	Post-Modification	Number of Loans	Pre-Modification	Post-Modification	Type of Modification
Year Ended December 31, 2020							
Commercial and Industrial		Pre-Modification	Post-Modification				
	Number of Loans	Outstanding	Recorded Investment	Outstanding	Recorded Investment	Type of Modification	
						Modify	
Owner-occupied, nonfarm nonresidential properties	1	\$ 260	\$ 260	2	3,336	3,336	Modify Payment
Commercial and Industrial							Modify Payment
Commercial and Industrial	6	1,140	1,140	2	3,336	3,336	Modify Payment
Other construction loans and all land development and other land loans	1	46	46	1	717	717	Modify Payment
Multifamily (5 or more) residential properties							Modify Payment
Multifamily (5 or more) residential properties							Modify Payment
Non-owner occupied, nonfarm nonresidential properties							
Non-owner occupied, nonfarm nonresidential properties							
Non-owner occupied, nonfarm nonresidential properties	1	3,684	3,684	1	1,604	1,604	Modify Payment
Residential Mortgages secured by first liens	2	309	309	1	1,604	1,604	Modify Payment
Total loans	11	\$ 5,439	\$ 5,439				
Total loans							
Total loans							

The TDRs described above increased the allowance for credit losses by immaterial amounts for the years ended December 31, 2022, 2021, and 2020, 2021, respectively.

A loan receivable is considered to be in payment default once it is 90 days contractually past due under the modified terms. There were no loans receivable modified as TDRs for which there was a payment default within twelve months following the modification during the years ended December 31, 2022, and 2021, and 2020, respectively, and no principal balances were forgiven in connection with the loan receivable restructurings.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of As discussed above, effective for January 1, 2023, the probability that Corporation adopted prospectively Accounting Standard Update 2022-02, which eliminated the borrower will be in payment default on any of its debt in the foreseeable future without a loan modification. This evaluation is performed using the Corporation's internal underwriting policies. The Corporation has no further loan commitments to customers whose loans are classified as a troubled debt restructuring, separate recognition and measurement guidance for TDRs by creditors.

Generally, nonperforming TDRs are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Credit Quality Indicators

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

The Corporation uses the following definitions for risk ratings:

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

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

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

The following tables represent the Corporation's commercial credit risk profile by risk rating as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Loans receivable not rated as special mention, substandard, or doubtful are considered to be pass rated loans.

December 31, 2023						
	Pass	Non-Pass Rated				Total
		Special Mention	Substandard	Doubtful	Total Non-Pass	
Farmland	\$ 30,786	\$ —	\$ 1,083	\$ —	\$ 1,083	\$ 31,869
Owner-occupied, nonfarm nonresidential properties	461,554	20,177	11,333	—	31,510	493,064
Agricultural production and other loans to farmers	1,652	—	—	—	—	1,652
Commercial and Industrial	653,981	52,030	20,431	—	72,461	726,442
Obligations (other than securities and leases) of states and political subdivisions	139,014	13,187	—	—	13,187	152,201
Other loans	25,507	—	—	—	—	25,507
Other construction loans and all land development and other land loans	484,620	5,307	1,612	—	6,919	491,539
Multifamily (5 or more) residential properties	252,199	1,346	797	—	2,143	254,342
Non-owner occupied, nonfarm nonresidential properties	869,264	3,008	23,771	—	26,779	896,043
Total loans	\$ 2,918,577	\$ 95,055	\$ 59,027	\$ —	\$ 154,082	\$ 3,072,659

December 31, 2022					
	Pass	Non-Pass Rated			
		Special Mention	Substandard	Doubtful	Total Non-Pass

Farmland	\$ 29,706	\$ 1,450	\$ 1,012	\$ —	\$ 2,462	\$ 32,168
Owner-occupied, nonfarm nonresidential properties	433,467	27,796	7,230	—	35,026	468,493
Agricultural production and other loans to farmers	1,198	—	—	—	—	1,198
Commercial and Industrial	765,821	14,740	10,037	1,313	26,090	791,911
Obligations (other than securities and leases) of states and political subdivisions	145,345	—	—	—	—	145,345
Other loans	24,710	—	—	—	—	24,710
Other construction loans and all land development and other land loans	443,300	1,296	2,089	—	3,385	446,685
Multifamily (5 or more) residential properties	256,120	510	1,066	—	1,576	257,696
Non-owner occupied, nonfarm nonresidential properties	772,450	2,791	20,074	—	22,865	795,315
Total loans	\$ 2,872,117	\$ 48,583	\$ 41,508	\$ 1,313	\$ 91,404	\$ 2,963,521

December 31, 2021							
	Non-Pass Rated						
	Pass	Special Mention	Substandard	Doubtful	Total Non-Pass		Total
Farmland	\$ 21,286	\$ 1,514	\$ 968	\$ —	\$ 2,482	\$ 23,768	
Owner-occupied, nonfarm nonresidential properties	419,368	6,723	8,581	—	15,304	434,672	
Agricultural production and other loans to farmers	1,379	—	—	—	—	—	1,379
Commercial and Industrial	687,010	7,946	12,654	1,379	21,979	708,989	
Obligations (other than securities and leases) of states and political subdivisions	140,887	—	—	—	—	—	140,887
Other loans	13,979	—	—	—	—	—	13,979
Other construction loans and all land development and other land loans	294,103	4,221	545	—	4,766	298,869	
Multifamily (5 or more) residential properties	214,772	100	1,271	—	1,371	216,143	
Non-owner occupied, nonfarm nonresidential properties	631,534	9,628	21,900	—	31,528	663,062	
Total loans	\$ 2,424,318	\$ 30,132	\$ 45,919	\$ 1,379	\$ 77,430	\$ 2,501,748	

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of December 31, 2023. Current period originations may include modifications.

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2023	2022	2021	2020	2019	Prior				
Farmland										
Risk rating										
Pass	\$ 3,153	\$ 11,393	\$ 6,845	\$ 1,465	\$ 815	\$ 6,813	\$ 302	\$ —	\$ 30,786	
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	306	—	—	777	—	—	—	1,083
Total	\$ 3,153	\$ 11,393	\$ 7,151	\$ 1,465	\$ 815	\$ 7,590	\$ 302	\$ —	\$ 31,869	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Owner-occupied, nonfarm nonresidential properties										
Risk rating										
Pass	\$ 62,529	\$ 121,722	\$ 103,698	\$ 44,286	\$ 45,749	\$ 73,649	\$ 9,921	\$ —	\$ 461,554	
Special mention	320	1,304	1,180	13,623	407	210	3,133	—	20,177	
Substandard	848	—	696	292	6,738	2,593	166	—	11,333	
Total	\$ 63,697	\$ 123,026	\$ 105,574	\$ 58,201	\$ 52,894	\$ 76,452	\$ 13,220	\$ —	\$ 493,064	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26	\$ —	\$ —	\$ —	26

Agricultural production and other loans to farmers												
Risk rating												
Pass	\$ 703	\$ 34	\$ 89	\$ 60	\$ 5	\$ 159	\$ 602	\$ —	\$ —	\$ —	\$ —	\$ 1,652
Special mention	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 703	\$ 34	\$ 89	\$ 60	\$ 5	\$ 159	\$ 602	\$ —	\$ —	\$ —	\$ —	\$ 1,652
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial and Industrial												
Risk rating												
Pass	\$ 78,325	\$ 140,178	\$ 141,439	\$ 33,475	\$ 6,662	\$ 14,709	\$ 239,193	\$ —	\$ —	\$ —	\$ —	\$ 653,981
Special mention	7,718	7,803	2,795	65	139	21	33,489	—	—	—	—	52,030
Substandard	—	385	4,281	396	3,476	1,655	10,238	—	—	—	—	20,431
Total	\$ 86,043	\$ 148,366	\$ 148,515	\$ 33,936	\$ 10,277	\$ 16,385	\$ 282,920	\$ —	\$ —	\$ —	\$ —	\$ 726,442
Current period gross write offs	\$ 50	\$ —	\$ —	\$ 191	\$ —	\$ —	\$ 151	\$ —	\$ —	\$ —	\$ —	\$ 392
Obligations (other than securities and leases) of states and political subdivisions												
Risk rating												
Pass	\$ 24,964	\$ 16,791	\$ 31,768	\$ 12,399	\$ 4,190	\$ 45,331	\$ 3,571	\$ —	\$ —	\$ —	\$ —	\$ 139,014
Special mention	—	—	—	—	—	—	13,187	—	—	—	—	13,187
Substandard	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 24,964	\$ 16,791	\$ 31,768	\$ 12,399	\$ 4,190	\$ 58,518	\$ 3,571	\$ —	\$ —	\$ —	\$ —	\$ 152,201
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other loans												
Risk rating												
Pass	\$ 3,649	\$ 12,211	\$ 5,289	\$ 1,809	\$ 288	\$ 2,261	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 25,507
Special mention	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 3,649	\$ 12,211	\$ 5,289	\$ 1,809	\$ 288	\$ 2,261	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 25,507
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Term Loans Amortized Cost Basis by Origination Year												
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term				Total
Other construction loans and all land development and other land loans												
Risk rating												
Pass	\$ 111,843	\$ 269,531	\$ 69,470	\$ 19,028	\$ 6,086	\$ 1,262	\$ 7,400	\$ —	\$ —	\$ —	\$ —	\$ 484,620
Special mention	—	5,307	—	—	—	—	—	—	—	—	—	5,307
Substandard	—	—	—	—	1,549	—	63	—	—	—	—	1,612
Total	\$ 111,843	\$ 274,838	\$ 69,470	\$ 19,028	\$ 7,635	\$ 1,262	\$ 7,463	\$ —	\$ —	\$ —	\$ —	\$ 491,539
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Multifamily (5 or more) residential properties												
Risk rating												
Pass	\$ 37,366	\$ 95,635	\$ 63,203	\$ 24,527	\$ 10,928	\$ 19,786	\$ 754	\$ —	\$ —	\$ —	\$ —	\$ 252,199
Special mention	1,346	—	—	—	—	—	—	—	—	—	—	1,346
Substandard	797	—	—	—	—	—	—	—	—	—	—	797
Total	\$ 39,509	\$ 95,635	\$ 63,203	\$ 24,527	\$ 10,928	\$ 19,786	\$ 754	\$ —	\$ —	\$ —	\$ —	\$ 254,342

Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	65	\$	—	\$	—	\$	65
Non-owner occupied, nonfarm nonresidential properties																
Risk rating																
Pass																
Pass	\$	192,826	\$	297,394	\$	151,365	\$	39,585	\$	54,388	\$	125,532	\$	8,174	\$	—
Special mention	—	—	—	—	—	—	—	1,887	—	—	—	688	—	433	—	3,008
Substandard	778	—	1,134	—	488	—	5,911	—	3,266	—	10,484	—	1,710	—	—	23,771
Total	\$	193,604	\$	298,528	\$	151,853	\$	47,383	\$	57,654	\$	136,704	\$	10,317	\$	—
Current period gross write offs	\$	—	\$	358	\$	—	\$	—	\$	88	\$	—	\$	248	\$	—
																694

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of December 31, 2022.

The current Current period originations may include modifications, extensions and renewals, modifications.

Term Loans Amortized Cost Basis by Origination Year											Revolving Loans				Revolving Loans						
											Amortized Cost Basis	Converted to Term	Total	Amortized Cost Basis	Converted to Term	Total					
2022	2021	2020	2019	2018	Prior	Revolving Loans	Amortized Cost Basis	Converted to Term	Total	2021	2020	2019	2018	Prior	Revolving Loans	Amortized Cost Basis	Converted to Term	Total			
Term Loans Amortized Cost Basis by Origination Year																					
2022																					
2022																					
2022											2021	2020	2019	2018	Prior	Revolving Loans	Amortized Cost Basis	Converted to Term	Total		
Farmland		Farmland																			
Risk rating		Risk rating																			
Risk rating																					
Risk rating																					
Pass																					
Pass																					
Pass		Pass	\$ 12,321	\$ 7,635	\$ 1,536	\$ 871	\$ 3,277	\$ 3,523	\$ 543	\$ —	\$ 29,706										
Special mention		Special mention	—	—	—	—	—	1,450	—	—	1,450										
Substandard		Substandard	—	347	—	—	142	523	—	—	1,012										
Doubtful		—	—	—	—	—	—	—	—	—	—										
Total																					
Total		Total	\$ 12,321	\$ 7,982	\$ 1,536	\$ 871	\$ 3,419	\$ 5,496	\$ 543	\$ —	\$ 32,168										
Owner-occupied, nonfarm nonresidential properties		Owner-occupied, nonfarm nonresidential properties																			
Risk rating		Risk rating																			
Risk rating		Pass																			
Pass		Pass																			
Pass		Pass	\$ 116,701	\$ 113,575	\$ 50,226	\$ 55,040	\$ 25,327	\$ 60,810	\$ 11,788	\$ —	\$ 433,467										
Special mention		Special mention	3,402	—	15,613	872	4,097	814	2,998	—	27,796										
Substandard		Substandard	—	—	355	1,864	862	4,149	—	—	7,230										

Doubtful										
Total										
Total										
Total										
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	\$120,103	\$113,575	\$66,194	\$57,776	\$30,286	\$65,773	\$ 14,786	\$ —	\$ 468,493
Risk rating	Risk rating	—	—	—	—	—	—	—	—	—
Risk rating										
Risk rating										
Pass	Pass	—	—	—	—	—	—	—	—	—
Pass	Pass	\$ 105	\$ 140	\$ 80	\$ 42	\$ 179	\$ —	\$ 652	\$ —	\$ 1,198
Special mention	Special mention	—	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total										
Total										
Total	Total	\$ 105	\$ 140	\$ 80	\$ 42	\$ 179	\$ —	\$ 652	\$ —	\$ 1,198
Commercial and Industrial	Commercial and Industrial	—	—	—	—	—	—	—	—	—
Risk rating	Risk rating	—	—	—	—	—	—	—	—	—
Risk rating										
Pass	Pass	—	—	—	—	—	—	—	—	—
Pass	Pass	\$ 195,955	\$ 213,433	\$ 51,695	\$ 16,730	\$ 9,051	\$ 19,116	\$ 259,841	\$ —	\$ 765,821
Special mention	Special mention	241	—	6,691	273	81	45	7,409	—	14,740
Substandard	Substandard	299	1,809	689	379	324	913	5,624	—	10,037
Doubtful ⁽¹⁾	Doubtful ⁽¹⁾	—	1,313	—	—	—	—	—	—	1,313
Total	Total	\$196,495	\$216,555	\$59,075	\$17,382	\$ 9,456	\$20,074	\$272,874	\$ —	\$791,911
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	—	—	—	—	—
Risk rating	Risk rating	—	—	—	—	—	—	—	—	—
Risk rating										
Risk rating										
Pass	Pass	—	—	—	—	—	—	—	—	—
Pass	Pass	\$ 20,840	\$ 37,527	\$13,868	\$ 4,584	\$13,518	\$50,050	\$ 4,958	\$ —	\$ 145,345
Special mention	Special mention	—	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total										
Total										
Total	Total	\$ 20,840	\$ 37,527	\$13,868	\$ 4,584	\$13,518	\$50,050	\$ 4,958	\$ —	\$ 145,345
Other loans	Other loans	—	—	—	—	—	—	—	—	—
Risk rating	Risk rating	—	—	—	—	—	—	—	—	—

Risk rating	Pass	Pass	\$ 14,248	\$ 5,358	\$ 2,278	\$ 363	\$ —	\$ 2,463	\$ —	\$ 24,710
Special mention	Special mention	—	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total	Total	\$ 14,248	\$ 5,358	\$ 2,278	\$ 363	\$ —	\$ 2,463	\$ —	\$ 24,710	
Total										
Total										

(a) Consists of one loan relationship **that was** originated in 2015 and modified in 2021. The modification met the requirements to disclose the loan relationship as a new loan during **the current period** 2021.

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost	Revolving Loans Converted to Term	Total			
							Prior						
	2022	2021	2020	2019	2018								
Other construction loans and all land development and other land loans													
Risk rating													
Pass	\$ 272,118	\$ 86,894	\$ 56,782	\$ 6,918	\$ 8,644	\$ 916	\$ 11,028	\$ —	\$ 443,300				
Special mention	1,296	0	—	—	—	—	—	—	—	1,296			
Substandard	—	2,023	—	—	—	—	—	66	—	2,089			
Doubtful	—	—	—	—	—	—	—	—	—	—			
Total	\$ 273,414	\$ 88,917	\$ 56,782	\$ 6,918	\$ 8,644	\$ 916	\$ 11,094	\$ —	\$ 446,685				
Multifamily (5 or more) residential properties													
Risk rating													
Pass	\$ 114,454	\$ 49,794	\$ 46,784	\$ 11,854	\$ 6,764	\$ 23,841	\$ 2,629	\$ —	\$ 256,120				
Special mention	—	—	—	—	—	—	510	—	—	510			
Substandard	643	—	—	—	333	90	—	—	—	1,066			
Doubtful	—	—	—	—	—	—	—	—	—	—			
Total	\$ 115,097	\$ 49,794	\$ 46,784	\$ 11,854	\$ 7,097	\$ 24,441	\$ 2,629	\$ —	\$ 257,696				
Non-owner occupied, nonfarm nonresidential properties													
Risk rating													
Pass	\$ 339,151	\$ 153,613	\$ 51,709	\$ 66,592	\$ 45,211	\$ 107,988	\$ 8,186	\$ —	\$ 772,450				
Special mention	—	488	—	273	498	1,068	464	—	—	2,791			
Substandard	2,227	800	—	4,090	1,314	9,587	2,056	—	—	20,074			
Doubtful	—	—	—	—	—	—	—	—	—	—			
Total	\$ 341,378	\$ 154,901	\$ 51,709	\$ 70,955	\$ 47,023	\$ 118,643	\$ 10,706	\$ —	\$ 795,315				

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of December 31, 2021. The current period originations may include modifications, extensions and renewals.

Term Loans Amortized Cost Basis by Origination Year										

													Revolving Loans	Revolving Loans	
													Amortized Cost	Converted to	
													Basis	Term	Total
Farmland															
Risk rating															
Pass	\$ 8,203	\$ 1,690	\$ 3,276	\$ 3,547	\$ 564	\$ 3,545	\$ 461	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21,286	
Special mention	—	—	—	—	394	1,120	—	—	—	—	—	—	—	\$ 1,514	
Substandard	388	—	—	—	48	532	—	—	—	—	—	—	—	\$ 968	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 8,591	\$ 1,690	\$ 3,276	\$ 3,547	\$ 1,006	\$ 5,197	\$ 461	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,768	
Owner-occupied, nonfarm nonresidential properties															
Risk rating															
Pass	\$ 135,095	\$ 78,068	\$ 78,621	\$ 29,100	\$ 40,677	\$ 50,079	\$ 7,728	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 419,368	
Special mention	243	—	903	4,287	135	1,145	10	—	—	—	—	—	—	\$ 6,723	
Substandard	687	416	2,190	868	250	4,152	18	—	—	—	—	—	—	\$ 8,581	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 136,025	\$ 78,484	\$ 81,714	\$ 34,255	\$ 41,062	\$ 55,376	\$ 7,756	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 434,672	
Agricultural production and other loans to farmers															
Risk rating															
Pass	\$ 211	\$ 103	\$ 76	\$ 198	\$ —	\$ —	\$ 791	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,379	
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Doubtful ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 211	\$ 103	\$ 76	\$ 198	\$ —	\$ —	\$ 791	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,379	
Commercial and Industrial															
Risk rating															
Pass	\$ 313,983	\$ 84,815	\$ 31,375	\$ 16,577	\$ 12,389	\$ 6,777	\$ 221,094	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 687,010	
Special mention	—	363	793	381	82	844	5,483	—	—	—	—	—	—	\$ 7,946	
Substandard	1,991	800	1,862	452	29	2,016	5,504	—	—	—	—	—	—	\$ 12,654	
Doubtful	1,379	—	—	—	—	—	—	—	—	—	—	—	—	\$ 1,379	
Total	\$ 317,353	\$ 85,978	\$ 34,030	\$ 17,410	\$ 12,500	\$ 9,637	\$ 232,081	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 708,989	
Obligations (other than securities and leases) of states and political subdivisions															
Risk rating															
Pass	\$ 36,853	\$ 16,688	\$ 8,774	\$ 16,957	\$ 20,071	\$ 36,764	\$ 4,780	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 140,887	
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 36,853	\$ 16,688	\$ 8,774	\$ 16,957	\$ 20,071	\$ 36,764	\$ 4,780	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 140,887	
Other loans															
Risk rating															
Pass	\$ 5,851	\$ 5,305	\$ 552	\$ 3	\$ —	\$ —	\$ 2,268	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,979	
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 5,851	\$ 5,305	\$ 552	\$ 3	\$ —	\$ —	\$ 2,268	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,979	

⁽¹⁾ Consists of one loan relationship that was originated in 2015 and modified in 2021. The modification met the requirements to disclose the loan relationship as a new loan during the current period.

Term Loans Amortized Cost Basis by Origination Year

		Revolving Loans										Revolving Loans						
		Amortized Cost Basis					Loans Converted to Term					Revolving Loans			Revolving Loans			
		2021	2020	2019	2018	2017	Prior	Basis	Cost	to Term	Total	2021	2020	2019	Prior	Amortized Cost Basis	Converted to Term	Total
Term Loans Amortized Cost Basis by Origination Year																		
2022																		
2022																		
2022																		
Other construction loans and all land development and other land loans		Risk rating																
Risk rating		Risk rating																
Risk rating		Pass																
Pass		Pass																
Special mention		Special mention																
Substandard		Substandard																
Doubtful		—																
Total		Total																
Total		\$ 99,906																
Multifamily (5 or more) residential properties		Multifamily (5 or more) residential properties																
Risk rating		Risk rating																
Risk rating		Pass																
Pass		Pass																
Special mention		Special mention																
Substandard		Substandard																
Doubtful		—																
Total		Total																
Total		\$ 99,402																
Multifamily (5 or more) residential properties		Multifamily (5 or more) residential properties																
Risk rating		Risk rating																
Risk rating		Pass																
Pass		Pass																
Special mention		Special mention																
Substandard		Substandard																
Doubtful		—																
Total		Total																
Total		\$ 9,402																
Non-owner occupied, nonfarm nonresidential properties		Non-owner occupied, nonfarm nonresidential properties																
Risk rating		Risk rating																
Risk rating		Pass																
Pass		Pass																

Pass												
Pass	Pass	\$194,800	\$125,039	\$84,943	\$52,233	\$42,714	\$123,021	\$ 8,784	\$ —	\$631,534		
Special mention	Special mention	—	—	428	1,004	189	5,556	2,451	—	9,628		
Substandard	Substandard	826	—	2,305	1,662	4,638	12,134	335	—	21,900		
Doubtful	—	—	—	—	—	—	—	—	—	—		
Total	Total	\$195,626	\$125,039	\$87,676	\$54,899	\$47,541	\$140,711	\$ 11,570	\$ —	\$663,062		
Total												
Total												

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

December 31, 2023										December 31, 2023			December 31, 2022		
Performing										Performing	Nonperforming	Total	Performing	Nonperforming	Total
December 31, 2022										Performing	Nonperforming	Total	Performing	Nonperforming	Total
										Performing	Nonperforming	Total	Performing	Nonperforming	Total
1-4 Family Construction	1-4 Family Construction	Construction	\$ 51,171	\$ —	\$ 51,171	\$ 37,822	\$ —	\$ 37,822							
Home equity	Home equity	lines of credit	124,417	475	124,892	103,693	824	104,517							
Residential Mortgages	Residential Mortgages	secured by first liens	938,154	4,377	942,531	823,182	3,547	826,729							
Residential Mortgages	Residential Mortgages	secured by junior liens	74,547	91	74,638	56,542	147	56,689							
Other revolving credit plans	Other revolving credit plans	Automobile	36,346	26	36,372	26,523	13	26,536							
Other consumer	Other consumer	Other consumer	21,787	19	21,806	20,826	36	20,862							
Total loans	Total loans	Total loans	\$1,294,785	\$ 5,769	\$1,300,554	\$1,117,706	\$ 5,125	\$1,122,831							
Total loans															
Total loans															

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of December 31, 2023. The current period originations may include modifications, extensions and renewals.

1-4 Family Construction	Term Loans Amortized Cost Basis by Origination Year							Prior	Basis	Revolving Loans Amortized Cost Converted to Term	Total
	2023	2022	2021	2020	2019	Prior	Basis				

Payment performance													
Performing	\$ 23,465	\$ 14,915	\$ 10,079	\$ 1,206	\$ 685	\$ 58	\$ 799	\$ —	\$ —	\$ 51,207			
Nonperforming	—	—	—	—	—	—	—	—	—	—			
Total	\$ 23,465	\$ 14,915	\$ 10,079	\$ 1,206	\$ 685	\$ 58	\$ 799	\$ —	\$ —	\$ 51,207			
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —			
Home equity lines of credit													
Payment performance													
Performing	\$ 27,110	\$ 32,027	\$ 11,437	\$ 9,844	\$ 6,781	\$ 30,467	\$ 7,479	\$ 4,615	\$ 129,760				
Nonperforming	—	—	—	—	—	—	14	—	926	940			
Total	\$ 27,110	\$ 32,027	\$ 11,437	\$ 9,844	\$ 6,781	\$ 30,481	\$ 7,479	\$ 5,541	\$ 130,700				
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ —	\$ —	\$ 10			
Residential mortgages secured by first lien													
Payment performance													
Performing	\$ 134,522	\$ 233,346	\$ 199,997	\$ 143,318	\$ 77,293	\$ 194,010	\$ 3,161	\$ —	\$ 985,647				
Nonperforming	497	174	787	615	492	2,736	38	—	5,339				
Total	\$ 135,019	\$ 233,520	\$ 200,784	\$ 143,933	\$ 77,785	\$ 196,746	\$ 3,199	\$ —	\$ 990,986				
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22	\$ 95	\$ —	\$ 117				
Residential mortgages secured by junior liens													
Payment performance													
Performing	\$ 28,685	\$ 27,032	\$ 14,027	\$ 7,102	\$ 3,888	\$ 8,833	\$ 1,373	\$ —	\$ 90,940				
Nonperforming	—	38	—	—	—	42	43	—	123				
Total	\$ 28,685	\$ 27,070	\$ 14,027	\$ 7,102	\$ 3,888	\$ 8,875	\$ 1,416	\$ —	\$ 91,063				
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —				
Other revolving credit plans													
Payment performance													
Performing	\$ 8,684	\$ 8,027	\$ 2,732	\$ 11,274	\$ 1,634	\$ 10,445	\$ —	\$ —	\$ 42,796				
Nonperforming	—	29	5	—	—	47	—	—	81				
Total	\$ 8,684	\$ 8,056	\$ 2,737	\$ 11,274	\$ 1,634	\$ 10,492	\$ —	\$ —	\$ 42,877				
Current period gross write offs	\$ —	\$ —	\$ 50	\$ 4	\$ 16	\$ 49	\$ —	\$ —	\$ 119				
Automobile													
Payment performance													
Performing	\$ 12,545	\$ 6,800	\$ 2,597	\$ 1,472	\$ 1,025	\$ 797	\$ —	\$ —	\$ 25,236				
Nonperforming	16	51	—	7	5	—	—	—	79				
Total	\$ 12,561	\$ 6,851	\$ 2,597	\$ 1,479	\$ 1,030	\$ 797	\$ —	\$ —	\$ 25,315				
Current period gross write offs	\$ 18	\$ 23	\$ —	\$ 8	\$ 7	\$ —	\$ —	\$ —	\$ 56				
Other consumer													
Payment performance													
Performing	\$ 27,202	\$ 12,261	\$ 5,255	\$ 3,107	\$ 1,471	\$ 1,498	\$ —	\$ —	\$ 50,794				
Nonperforming	283	330	116	12	6	51	—	—	798				
Total	\$ 27,485	\$ 12,591	\$ 5,371	\$ 3,119	\$ 1,477	\$ 1,549	\$ —	\$ —	\$ 51,592				
Current period gross write offs	\$ 210	\$ 1,164	\$ 467	\$ 96	\$ 33	\$ 12	\$ —	\$ —	\$ 1,982				

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of December 31, 2022. The current period originations may include modifications, extensions and renewals.

Term Loans Amortized Cost Basis by Origination Year

	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Basis	Term	Total
1-4 Family Construction										
Payment performance										
Performing	\$ 30,451	\$ 16,360	\$ 2,577	\$ 752	\$ 62	—	\$ 969	\$ —	\$ —	\$ 51,171
Nonperforming	—	—	—	—	—	—	—	—	—	—
Total	\$ 30,451	\$ 16,360	\$ 2,577	\$ 752	\$ 62	—	\$ 969	\$ —	\$ —	\$ 51,171
Home equity lines of credit										
Payment performance										
Performing	\$ 34,738	\$ 13,654	\$ 12,903	\$ 8,587	\$ 7,924	\$ 38,127	\$ 8,484	\$ —	\$ —	\$ 124,417
Nonperforming	—	—	—	10	—	465	—	—	—	475
Total	\$ 34,738	\$ 13,654	\$ 12,903	\$ 8,597	\$ 7,924	\$ 38,592	\$ 8,484	\$ —	\$ —	\$ 124,892
Residential mortgages secured by first lien										
Payment performance										
Performing	\$ 229,842	\$ 222,522	\$ 159,651	\$ 91,238	\$ 49,587	\$ 181,939	\$ 3,375	\$ —	\$ —	\$ 938,154
Nonperforming	—	771	273	581	416	2,150	186	—	—	4,377
Total	\$ 229,842	\$ 223,293	\$ 159,924	\$ 91,819	\$ 50,003	\$ 184,089	\$ 3,561	\$ —	\$ —	\$ 942,531
Residential mortgages secured by junior liens										
Payment performance										
Performing	\$ 31,837	\$ 17,163	\$ 8,326	\$ 4,956	\$ 3,073	\$ 8,395	\$ 797	\$ —	\$ —	\$ 74,547
Nonperforming	—	—	—	—	—	47	44	—	—	91
Total	\$ 31,837	\$ 17,163	\$ 8,326	\$ 4,956	\$ 3,073	\$ 8,442	\$ 841	\$ —	\$ —	\$ 74,638
Other revolving credit plans										
Payment performance										
Performing	\$ 10,778	\$ 2,820	\$ 7,911	\$ 2,264	\$ 2,265	\$ 10,308	\$ —	\$ —	\$ —	\$ 36,346
Nonperforming	—	—	—	4	14	8	—	—	—	26
Total	\$ 10,778	\$ 2,820	\$ 7,911	\$ 2,268	\$ 2,279	\$ 10,316	\$ —	\$ —	\$ —	\$ 36,372
Automobile										
Payment performance										
Performing	\$ 10,146	\$ 4,637	\$ 2,945	\$ 2,349	\$ 1,117	\$ 593	\$ —	\$ —	\$ —	\$ 21,787
Nonperforming	—	—	10	7	2	—	—	—	—	19
Total	\$ 10,146	\$ 4,637	\$ 2,955	\$ 2,356	\$ 1,119	\$ 593	\$ —	\$ —	\$ —	\$ 21,806
Other consumer										
Payment performance										
Performing	\$ 26,699	\$ 12,120	\$ 5,333	\$ 2,176	\$ 776	\$ 1,259	\$ —	\$ —	\$ —	\$ 48,363
Nonperforming	403	220	85	22	6	45	—	—	—	781
Total	\$ 27,102	\$ 12,340	\$ 5,418	\$ 2,198	\$ 782	\$ 1,304	\$ —	\$ —	\$ —	\$ 49,144

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of December 31, 2021. The current period originations may include modifications, extensions and renewals.

	December 31, 2023	December 31, 2022
Credit card		
Payment performance		
Performing	\$ 11,753	\$ 10,817
Nonperforming	32	8
Total	\$ 11,785	\$ 10,825
Current period gross write offs	\$ 189	

Term Loans Amortized Cost Basis by Origination Year

												Revolving Loans	Revolving Loans		
												Amortized Cost	Converted to		
												Basis	Term	Total	
1-4 Family Construction															
Payment performance															
Performing	\$ 27,539	\$ 9,137	\$ 857	\$ 66	\$ —	\$ —	\$ 223	\$ —	\$ —	\$ 37,822					
Nonperforming	—	—	—	—	—	—	—	—	—	—					
Total	\$ 27,539	\$ 9,137	\$ 857	\$ 66	\$ —	\$ —	\$ 223	\$ —	\$ —	\$ 37,822					
Home equity lines of credit															
Payment performance															
Performing	\$ 14,383	\$ 14,621	\$ 9,564	\$ 10,584	\$ 6,863	\$ 39,527	\$ 8,151	\$ —	\$ —	\$ 103,693					
Nonperforming	—	—	9	10	377	428	—	—	—	824					
Total	\$ 14,383	\$ 14,621	\$ 9,573	\$ 10,594	\$ 7,240	\$ 39,955	\$ 8,151	\$ —	\$ —	\$ 104,517					
Residential mortgages secured by first lien															
Payment performance															
Performing	\$ 232,606	\$ 178,380	\$ 111,333	\$ 62,850	\$ 74,136	\$ 160,402	\$ 3,475	\$ —	\$ —	\$ 823,182					
Nonperforming	79	259	227	151	258	2,379	194	—	—	3,547					
Total	\$ 232,685	\$ 178,639	\$ 111,560	\$ 63,001	\$ 74,394	\$ 162,781	\$ 3,669	\$ —	\$ —	\$ 826,729					
Residential mortgages secured by junior liens															
Payment performance															
Performing	\$ 20,617	\$ 11,256	\$ 7,239	\$ 4,407	\$ 3,508	\$ 9,095	\$ 420	\$ —	\$ —	\$ 56,542					
Nonperforming	—	—	—	—	84	63	—	—	—	147					
Total	\$ 20,617	\$ 11,256	\$ 7,239	\$ 4,407	\$ 3,592	\$ 9,158	\$ 420	\$ —	\$ —	\$ 56,689					
Other revolving credit plans															
Payment performance															
Performing	\$ 5,313	\$ 3,596	\$ 3,090	\$ 2,592	\$ 2,977	\$ 8,955	\$ —	\$ —	\$ —	\$ 26,523					
Nonperforming	—	—	4	4	—	5	—	—	—	13					
Total	\$ 5,313	\$ 3,596	\$ 3,094	\$ 2,596	\$ 2,977	\$ 8,960	\$ —	\$ —	\$ —	\$ 26,536					
Automobile															
Payment performance															
Performing	\$ 7,047	\$ 5,448	\$ 4,668	\$ 2,457	\$ 682	\$ 524	\$ —	\$ —	\$ —	\$ 20,826					
Nonperforming	11	13	12	—	—	—	—	—	—	36					
Total	\$ 7,058	\$ 5,461	\$ 4,680	\$ 2,457	\$ 682	\$ 524	\$ —	\$ —	\$ —	\$ 20,862					
Other consumer															
Payment performance															
Performing	\$ 30,423	\$ 11,017	\$ 4,537	\$ 1,451	\$ 316	\$ 1,374	\$ —	\$ —	\$ —	\$ 49,118					
Nonperforming	204	170	96	25	3	60	—	—	—	558					
Total	\$ 30,627	\$ 11,187	\$ 4,633	\$ 1,476	\$ 319	\$ 1,434	\$ —	\$ —	\$ —	\$ 49,676					
											December 31, 2022		December 31, 2021		
Credit card															
Payment performance															
Performing											\$ 10,817	\$ 9,912			
Nonperforming											8	23			
Total											\$ 10,825	\$ 9,935			

Purchased Credit Deteriorated Loans

The Corporation has purchased loans for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The carrying amount of those loans is as follows:

Purchase price of loans at acquisition	\$ 21,768
Allowance for credit losses at acquisition	980
Non-credit discount / (premium) at acquisition	1,063
Par value of acquired loans at acquisition	\$ 23,811

Holiday's loan portfolio, included in other consumer loans above, is summarized as follows at December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31, 2022	December 31, 2021	
	December 31, 2023	December 31, 2023	December 31, 2022
Gross consumer loans	Gross consumer loans \$ 31,821	\$ 29,227	
Less: unearned discounts	Less: unearned discounts (5,972)	(5,716)	
Less: unearned discounts			
Total consumer loans, net of unearned discounts	Total consumer loans, net of unearned discounts \$ 25,849	\$ 23,511	

5. Real Estate Owned

Real estate owned is reported net of a valuation allowance and included in accrued interest receivable and other assets in the accompanying consolidated balance sheets. Activity for the years ended December 31, 2022, 2021, and 2020 were as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Balance, beginning of year	\$ 707	\$ 862	\$ 1,633
Loans transferred to real estate owned	785	1,470	241
Sales of real estate owned (at carrying value)	(53)	(1,625)	(1,012)
Balance, end of year	\$ 1,439	\$ 707	\$ 862

Expenses related to foreclosed real estate include:

	December 31, 2022	December 31, 2021	December 31, 2020
Net loss (gain) on sales	\$ (45)	\$ 32	\$ 346
Operating expenses, net of rental income	104	85	240
Total	\$ 59	\$ 117	\$ 586

6.4. Fair Value

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

Assets and liabilities measured at fair value on a recurring basis were as follows at December 31, 2022 December 31, 2023 and 2021; 2022:

		Fair Value Measurements at December 31, 2022						Fair Value Measurements at December 31, 2023 Using					
		Using						Using					
		Quoted Prices in Active Markets for Identical Assets	Significant Other Inputs	Significant Unobservable Inputs				Quoted Prices in Active Markets for Identical Assets	Significant Other Inputs	Significant Unobservable Inputs			
Description	Description	Total	(Level 1)	(Level 2)	(Level 3)			Description	Total	(Level 1)	(Level 2)	(Level 3)	
Assets:	Assets:												
Securities	Securities												
Available-	Available-												
For-Sale:	For-Sale:												
U.S. Government													
sponsored entities		\$ 3,129	\$ —	\$ 3,129	\$ —								
Securities Available-For-Sale:													
Securities Available-For-Sale:													
U.S. Government													
sponsored entities ⁽¹⁾													
U.S. Government													
sponsored entities ⁽¹⁾													

U.S. Government sponsored entities (1)					
States and political subdivisions	States and political subdivisions	95,663	—	95,663	—
Residential and multi-family mortgage	Residential and multi-family mortgage	217,547	—	217,547	—
Corporate notes and bonds	Corporate notes and bonds	42,391	—	42,391	—
Pooled SBA	Pooled SBA	12,679	—	12,679	—
Total Securities Available-For-Sale	Total Securities Available-For-Sale	\$ 371,409	\$ —	\$ 371,409	\$ —

Total Securities Available-For-Sale					
Interest rate swaps	Interest rate swaps	\$ 1,850	\$ —	\$ 1,850	\$ —
Equity Securities:	Equity Securities:				
Corporate equity securities	Corporate equity securities	\$ 6,973	\$ 6,973	\$ —	\$ —
Corporate equity securities					

Mutual funds	Mutual funds	1,406	1,406	—	—
Money market	Money market	479	479	—	—
Corporate notes and bonds	Corporate notes and bonds	757	757	—	—
Corporate notes	Corporate notes				
Total Equity Securities					
Total Equity Securities					
Total Equity Securities	Total Equity Securities	\$ 9,615	\$ 9,615	\$ —	\$ —
Liabilities	Liabilities				
Interest rate swaps	Interest rate swaps	\$ (1,700)	\$ —	\$ (1,700)	\$ —
Interest rate swaps	Interest rate swaps				

(1) In 2023, the Corporation transitioned to a new pricing provider, leading to the reclassification of United States Treasury investments as Level 1 pricing instruments.

	<u>Description</u>	Total	Fair Value Measurements at December 31, 2022 Using							
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)					
Assets:										
Securities Available-For-Sale:										
U.S. Government sponsored entities										

States and political subdivisions	95,663	—	95,663	—
Residential and multi-family mortgage	217,547	—	217,547	—
Corporate notes and bonds	42,391	—	42,391	—
Pooled SBA	12,679	—	12,679	—
Total Securities Available-For-Sale	\$ 371,409	\$ —	\$ 371,409	\$ —
Interest rate swaps	\$ 1,850	\$ —	\$ 1,850	\$ —
Equity Securities:				
Corporate equity securities	\$ 6,973	\$ 6,973	\$ —	\$ —
Mutual funds	1,406	1,406	—	—
Money market	479	479	—	—
Corporate notes	757	757	—	—
Total Equity Securities	\$ 9,615	\$ 9,615	\$ —	\$ —
Liabilities				
Interest rate swaps	\$ (1,700)	\$ —	\$ (1,700)	\$ —

<u>Description</u>	Fair Value Measurements at December 31, 2021 Using				
	Quoted Prices in		Significant Other	Significant	
	Active Markets for		Observable	Unobservable	
	Identical Assets	Inputs	Inputs	Inputs	Inputs
Total	(Level 1)	(Level 2)	(Level 2)	(Level 3)	(Level 3)
Assets:					
Securities Available-For-Sale:					
U.S. Government sponsored entities	\$ 111,748	\$ —	\$ 111,748	\$ —	—
States and political subdivisions	103,712	—	103,712	—	—
Residential and multi-family mortgage	434,635	4,995	429,640	—	—
Corporate notes and bonds	28,064	—	28,064	—	—
Pooled SBA	19,032	—	19,032	—	—
Total Securities Available-For-Sale	\$ 697,191	\$ 4,995	\$ 692,196	\$ —	—
Interest rate swaps	\$ 2,124	\$ —	\$ 2,124	\$ —	—
Equity Securities:					
Corporate equity securities	\$ 6,715	\$ 6,715	\$ —	\$ —	—
Mutual funds	2,566	2,566	—	—	—
Money market	506	506	—	—	—
Corporate notes and bonds	579	579	—	—	—
Total Equity Securities	\$ 10,366	\$ 10,366	\$ —	\$ —	—
Liabilities					
Interest rate swaps	\$ (2,512)	\$ —	\$ (2,512)	\$ —	—

The table below presents a reconciliation of the fair value of securities AFS measured on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2021:

	States and Political Subdivisions	Corporate Notes and Bonds
Balance, January 1, 2021	\$ 64	\$ —
Purchases	—	8,250
Total gains or (losses):	—	—
Included in other comprehensive income (loss)	—	—
Settlements	(64)	—
Transfers out of Level 3	—	(8,250)
Balance, December 31, 2021	\$ —	\$ —

The Corporation's corporate notes and bonds with a fair value of \$8.3 million for the year ended December 31, 2021 were transferred out of Level 3 and into Level 2 because of available observable market data for these investments.

The table below presents a reconciliation of the fair value of securities AFS measured on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2020:

	States and Political Subdivisions	Residential & Multi-Family Mortgage
Balance, January 1, 2020	\$ —	\$ 2,795
Purchases	422	—
Total gains or (losses):	—	—
Included in other comprehensive income (loss)	—	—
Transfers out of Level 3	(358)	\$ (2,795)
Balance, December 31, 2020	\$ 64	\$ —

The Corporation's states and political subdivisions with a fair value of \$358 thousand and residential and multi-family mortgage of \$2.8 million for the year ended December 31, 2020 were transferred out of Level 3 and into Level 2 because of available observable market data for these investments.

Assets and liabilities measured at fair value on a non-recurring basis are as follows at December 31, 2022 December 31, 2023 and 2021: 2022:

Description	Fair Value Measurements at December 31, 2022						Fair Value Measurements at December 31, 2023 Using					
	Description	Using			Description	Total	Using			Description	Total	
		Quoted Prices in		Significant			Quoted Prices in		Significant			
		Active Markets for	Significant Other	Unobservable			Active Markets for	Significant Other	Unobservable			
Description	Description	Identical Assets	Observable Inputs	Inputs	Description	Description	Identical Assets	Observable Inputs	Inputs	Description	Description	
Assets:	Assets:	Total	(Level 1)	(Level 2)	(Level 3)		(Level 1)	Total	(Level 2)	(Level 3)		
Collateral-dependent loans:	Collateral-dependent loans:											
Farmland	Farmland	\$ 829	\$ —	—	\$ 829							
Owner-occupied, nonfarm properties	Owner-occupied, nonfarm properties	1,071	—	—	1,071							
Commercial and industrial	Commercial and industrial	1,631	—	—	1,631							

Other construction loans and all land development loans and other land loans	Other construction loans and all land development loans and other land loans	501	—	—	501
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	613	—	—	613
Non-owner occupied, nonfarm nonresidential	Non-owner occupied, nonfarm nonresidential	3,867	—	—	3,867
Home equity lines of credit	Home equity lines of credit	335	—	—	335
Residential mortgages secured by first liens	Residential mortgages secured by first liens	944	—	—	944

		Fair Value Measurements at December 31, 2021						Fair Value Measurements at December 31, 2022					
		Using						Using					
		Quoted Prices in Active Markets for Significant Other			Unobservable			Quoted Prices in Active Markets for Significant Other			Unobservable		
<u>Description</u>	<u>Description</u>	Total	(Level 1)	(Level 2)	(Level 3)			<u>Description</u>	Total		<u>Description</u>	Total	
Assets:	Assets:												
Collateral-dependent loans:	Collateral-dependent loans:												
Farmland	Farmland	Farmland	\$ 920	\$ —	\$ —	\$ 920							
Owner-occupied, nonfarm nonresidential properties	owner-occupied, nonfarm nonresidential properties	194	—	—	—	194							
Commercial and industrial	Commercial and industrial	3,102	—	—	—	3,102							
Other construction loans and all land development loans and other land loans	Other construction loans and all land development loans and other land loans	248	—	—	—	248							
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	627	—	—	—	627							

Non-owner occupied, nonfarm nonresidential	Non-owner occupied, nonfarm nonresidential	2,889	—	—	2,889
Home equity lines of credit					
Residential mortgages secured by first liens					

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

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at **December 31, 2022** December 31, 2023:

	Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:				
Farmland	\$ 829,736	Valuation of third party appraisal on underlying collateral	Loss severity rates	20% (20% 29%-31% (30%))
Owner-occupied, nonfarm nonresidential properties	1,071,5,589	Valuation of third party appraisal on underlying collateral	Loss severity rates	25% 9%-100% (29% (14%))
Commercial and industrial	1,631,7,425	Valuation of third party appraisal on underlying collateral	Loss severity rates	3%-49% (23% 8%-75% (31%))
Other construction loans and all land development loans and other land loans	501,1,299	Valuation of third party appraisal on underlying collateral	Loss severity rates	33% (33% 32% (32%))
Multifamily (5 or more) residential properties	613,305	Valuation of third party appraisal on underlying collateral	Loss severity rates	19%-25% (23% 28% (28%))
Non-owner occupied, nonfarm nonresidential	3,867,7,216	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-53% (35% 32%-48% (43%))
Home equity lines of credit	335,308	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-17% (15%)
Residential mortgages secured by first liens	944,871	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-27% (21% 17%-42% (31%))

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at **December 31, 2021** December 31, 2022:

	Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:				
Farmland	\$ 920,829	Valuation of third party appraisal on underlying collateral	Loss severity rates	60% (60% 20% (20%))
Owner-occupied, nonfarm nonresidential properties	194,1071	Valuation of third party appraisal on underlying collateral	Loss severity rates	0%-60% (57% 25%-100% (29%))
Commercial and industrial	3,102,1,631	Valuation of third party appraisal on underlying collateral	Loss severity rates	0%-59% (42% 3%-49% (23%))
Other construction loans and all land development loans and other land loans	248,501	Valuation of third party appraisal on underlying collateral	Loss severity rates	25% (25% 33% (33%))
Multifamily (5 or more) residential properties	627,613	Valuation of third party appraisal on underlying collateral	Loss severity rates	0%-57% (26% 19%-25% (23%))
Non-owner occupied, nonfarm nonresidential	2,889,3,867	Valuation of third party appraisal on underlying collateral	Loss severity rates	25%-60% (34% 15%-53% (35%))
Home equity lines of credit	335	Valuation of third party appraisal on underlying collateral	Loss severity rates	15% (15%)
Residential mortgages secured by first liens	944	Valuation of third party appraisal on underlying collateral	Loss severity rates	17%-42% (31%)

Fair Value of Financial Instruments

The following table presents the carrying amount and fair value of financial instruments at December 31, 2022 December 31, 2023:

	Carrying Amount	Fair Value Measurement Using:			Total		Carrying Amount	Fair Value Measurement Using:					
		Level 1	Level 2	Level 3				Total	Fair Value				
ASSETS													
Assets:													
Assets:													
Assets:													
Cash and cash equivalents	Cash and cash equivalents	\$ 106,285	\$ 106,285	\$ —	\$ —	\$ 106,285							
Debt securities available-for-sale		371,409	—	371,409	—	371,409							
Debt securities held-to-maturity		404,765	—	367,388	—	367,388							
Cash and cash equivalents													
Cash and cash equivalents													
Debt securities available-for-sale (1)													
Debt securities held-to-maturity (1)													
Equity securities	Equity securities	9,615	9,615	—	—	9,615							
Loans held for sale	Loans held for sale	231	—	231	—	231							

Net loans receivable	Net loans receivable	4,231,742	—	—	4,157,843	4,157,843			
FHLB and other restricted stock holdings and investments	FHLB and other restricted stock holdings and investments								
Interest rate swaps	Interest rate swaps	30,715	n/a	n/a	n/a	n/a	30,011	n/a	n/a
Accrued interest receivable	Accrued interest receivable	1,850	—	1,850	—	1,850			
LIABILITIES									
Liabilities:									
Deposits	Deposits	\$ (4,622,437)	\$ (4,175,976)	\$ (445,788)	\$ —	\$ (4,621,764)			
Short-term borrowings	Short-term borrowings	(132,396)	—	(132,396)	—	(132,396)			
Deposits	Deposits								
Subordinated debentures	Subordinated debentures								
Subordinated debentures	Subordinated debentures	(104,584)	—	(117,378)	—	(117,378)			
Interest rate swaps	Interest rate swaps	(1,700)	—	(1,700)	—	(1,700)			
Accrued interest payable	Accrued interest payable	(1,839)	—	(1,839)	—	(1,839)			

^(a) In 2023, the Corporation transitioned to a new pricing provider, leading to the reclassification of United States Treasury investments as Level 1 pricing instruments.

The following table presents the carrying amount and fair value of financial instruments at **December 31, 2021** December 31, 2022:

		Carrying Amount	Fair Value Measurement Using:			Carrying Amount	Fair Value Measurement Using:	Total					
			Level 1	Level 2	Level 3								
ASSETS													
Assets:													
Assets:													
Assets:													
Cash and cash equivalents	Cash and cash equivalents	\$ 732,198	\$ 732,198	\$ —	\$ —	\$ 732,198							
Securities available-for-sale	Securities available-for-sale	697,191	4,995	692,196	—	697,191							
Cash and cash equivalents													
Cash and cash equivalents													
Debt securities available-for-sale	Debt securities available-for-sale												
Debt securities held-to-maturity	Debt securities held-to-maturity												
Equity securities	Equity securities	10,366	10,366	—	—	10,366							
Loans held for sale	Loans held for sale	849	—	858	—	858							

Net loans	Net loans	3,597,204	—	—	3,613,452	3,613,452				
FHLB and other equity interests	FHLB and other equity interests	23,276	n/a	n/a	n/a	n/a	FHLB and other equity interests	30,715	n/a	n/a
Interest rate swaps	Interest rate swaps	2,124	—	2,124	—	2,124				
Accrued interest receivable	Accrued interest receivable	15,516	16	2,171	13,329	15,516				
LIABILITIES										
Liabilities:										
Deposits	Deposits	\$ (4,715,619)	\$ (4,329,167)	\$ (391,850)	\$ —	\$ (4,721,017)				
Deposits	Deposits									
FHLB and other borrowings	FHLB and other borrowings									
Subordinated debentures	Subordinated debentures	(104,281)	—	(92,675)	—	(92,675)				
Interest rate swaps	Interest rate swaps	(2,512)	—	(2,512)	—	(2,512)				
Accrued interest payable	Accrued interest payable	(886)	—	(886)	—	(886)				

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

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

7.

5. Secondary Market Mortgage Activities

Total loans serviced for others were \$264.5 million \$258.5 million and \$264.2 million \$264.5 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The following summarizes secondary market mortgage activities for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021:

	December 31, 2022	December 31, 2021	December 31, 2020			
	December 31, 2023			December 31, 2023	December 31, 2022	December 31, 2021
Loans	Loans originated					
for resale	for resale	\$ 34,181	\$ 95,411	\$ 87,528		

Proceeds from sales of loans held for sale	Proceeds from sales of loans held for sale	29,151	97,179	82,619
Net gains on sales of loans held for sale	Net gains on sales of loans held for sale	1,285	2,737	2,961
Loan servicing fees	Loan servicing fees	781	720	726

The following summarizes activity for capitalized mortgage servicing rights for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

	December 31, 2022	December 31, 2021	December 31, 2020	
December 31,				
2023				
Balance, beginning of year	\$ 1,664	\$ 1,527	\$ 1,573	
Additions	232	514	540	
Servicing rights acquired	—	—	—	
Amortization	(92)	(377)	(586)	
Balance, end of year	\$ 1,804	\$ 1,664	\$ 1,527	

The fair value of mortgage servicing rights is based on market prices for comparable mortgage servicing contracts, when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The fair value of mortgage servicing rights was not materially different than amortized cost at December 31, 2022 December 31, 2023 and 2021, 2022, respectively. No valuation allowance was deemed necessary at December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021. The fair value of interest rate lock commitments and forward commitments to sell loans were not material at December 31, 2022 December 31, 2023 or 2021, 2022.

8.6. Premises and Equipment

The following summarizes premises and equipment at December 31, 2022 December 31, 2023 and 2021, 2022:

	December 31, 2022	December 31, 2021	
December 31,			
2023			
Land	\$ 8,534	\$ 8,798	
Premises and leasehold improvements	74,873	70,212	
Furniture and equipment	42,513	39,851	
Construction in process	7,582	2,589	
	133,502	121,450	
	144,384		

Less:	Less:
accumulated	accumulated
depreciation	depreciation <u>64,967</u> <u>59,791</u>
Premises	Premises
and	and
equipment,	equipment,
net	net <u>\$ 68,535</u> <u>\$ 61,659</u>

Depreciation on premises and equipment amounted to **\$5.7 million in 2023**, **\$5.3 million in 2022** and **\$5.3 million in 2021** and **\$4.6 million in 2020**.

9.7. Leases

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

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

Leases	Leases	Classification	December	December	Leases	Classification	December 31, 2023	December 31, 2022
			31, 2022	31, 2021				
Assets:	Assets:							
Operating lease assets								
Operating lease assets								
	Operating							
Operating lease assets	Operating lease right-of-use assets							
lease assets	assets	assets	\$ 32,307	\$ 19,928				
	Premises							
Finance lease assets	Finance and equipment, assets	net ⁽¹⁾	286	358				
Total leased assets	Total leased assets		\$ 32,593	\$ 20,286				
Liabilities:	Liabilities:							
Liabilities:								
Operating lease liabilities								
Operating lease liabilities								
Operating lease liabilities	Operating lease liabilities	Operating lease liabilities	\$ 33,726	\$ 21,159				

		Accrued interest	
Finance lease liabilities	Finance lease liabilities	payable and other liabilities	383 469
Total leased liabilities	Total leased liabilities		\$ 34,109 \$ 21,628

(a) Finance lease assets are recorded net of accumulated amortization of \$930 thousand \$1.0 million and \$858 \$930 thousand as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The components of the Corporation's net lease expense for the years ended December 31, 2022 December 31, 2023, 2021 2022, and 2020 2021 were as follows:

Lease Cost									
Lease Cost									
Lease Cost	Lease Cost	Classification	December 31, 2022	December 31, 2021	December 31, 2020	Classification	December 31, 2023	December 31, 2022	December 31, 2021
Operating lease cost									
Operating lease cost									
Operating lease cost	Operating lease cost	occupancy expense	\$ 2,264	\$ 1,801	\$ 1,785				
Variable lease cost									
Variable lease cost									
Variable lease cost	Variable lease cost	occupancy expense	59	55	87				
Finance lease cost:									
Amortization of leased assets									
Amortization of leased assets									
Amortization of leased assets	Amortization of leased assets	Net occupancy expense	72	72	72				
Amortization of leased assets									
Interest on lease liabilities									
Interest on lease liabilities									
Interest on lease liabilities	Interest on lease liabilities	Interest expense - borrowed funds	19	23	27				
Sublease income (1)									
Sublease income (1)									
Sublease income (1)	Sublease income (1)	Net occupancy expense	(79)	(71)	(86)				
Net lease cost									
Net lease cost									
Net lease cost	Net lease cost	\$ 2,335	\$ 1,880	\$ 1,885					

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

The following table sets forth future minimum rental payments under noncancelable leases with terms in excess of one year as of December 31, 2022 December 31, 2023:

Maturity of Lease															
Liabilities as of		Operating	Finance												
December 31, 2022		Leases (1)	Leases	Total											
2023		\$ 2,367	\$ 105	\$ 2,472											
Maturity of Lease Liabilities as of December 31, 2023															
Operating Leases (1) Finance Leases Total															
2024	2024	2,298	105	2,403											
2025	2025	2,293	105	2,398											
2026	2026	2,277	105	2,382											

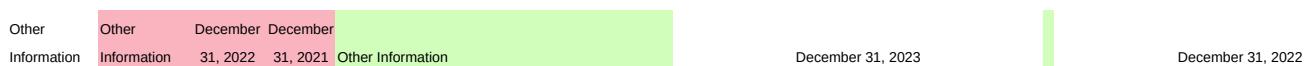
2027	2027	2,220	—	2,220
After 2027		42,626	—	42,626
2028				
After 2028				
Total lease payments	Total lease payments	54,081	420	54,501
Less: Interest	Less: Interest	20,355	37	20,392
Present value of lease liabilities	Present value of lease liabilities	\$ 33,726	\$ 383	\$34,109

(1) Operating lease payments include payments related to options to extend lease terms that are reasonably certain of being exercised and exclude \$3.6 million \$8.2 million of legally binding minimum lease payments for leases signed, but not yet commenced.

Other information related to the Corporation's lease liabilities as of December 31, 2022 December 31, 2023 and 2021 2022 was as follows:



Other information related to the Corporation's lease liabilities as of December 31, 2022 December 31, 2023 and 2021 2022 was as follows:



Cash paid for amounts included in the measurement of lease liabilities	Cash paid for amounts included in the measurement of lease liabilities
Operating cash flows used by operating leases	Operating cash flows used by operating leases
Leases	Leases
	\$ 1,183
	\$ 964
Operating cash flows used by operating leases	Operating cash flows used by operating leases
Operating cash flows used by operating leases	Operating cash flows used by operating leases

10.8. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was as follows:

	December 31, 2022	December 31, 2021
December 31, 2023		
Balance, beginning of year	\$ 43,749	\$ 43,749
Acquired during the year	—	—
Balance, end of year	\$ 43,749	\$ 43,749
December 31, 2023		
Balance, beginning of year	\$ 43,749	\$ 43,749
Acquired during the year	—	—
Balance, end of year	\$ 43,749	\$ 43,749
December 31, 2022		

Impairment exists when the carrying value of goodwill exceeds its fair value. Goodwill is evaluated for The Corporation completed its annual goodwill impairment on an annual basis test as of December 31, 2022 and concluded that no impairment charges were required as of that date. During the fourth quarter of 2023, the Corporation elected to change the timing of its annual goodwill impairment test from December 31 to November 30. The selection of each year November 30 as the annual testing date for the impairment of goodwill is intended to move the testing to a time period outside of the Corporation's annual financial reporting process to allow the Corporation additional time to complete the analysis. The Corporation believes that this change is preferable under the circumstances, and that this change does not accelerate, delay or whenever events or changes avoid an impairment charge. The Corporation has also determined that a change in circumstances indicate that the fair value of a reporting unit may be below its carrying value, annual testing date did not result in adjustments to the consolidated financial statements when applied retrospectively.

At December 31, 2022 November 30, 2023, the Corporation elected to perform a qualitative quantitative assessment to determine if it was more likely than not that the fair value exceeded its carrying value, including goodwill. The qualitative Corporation engaged a third party valuation firm to assist in performing the quantitative analysis using multiple approaches, reflecting assumptions that were provided and weighted by management. The primary methodology used was the discounted cash flow approach while also considering a market approach of comparing the multiples of the Corporation to multiples of similar public companies and market price with control premiums. In addition, the value relied upon projections and growth rates prepared by management. Based upon the valuation prepared, the quantitative assessment indicated that it was more likely than not that the fair value exceeded its carrying value, resulting in no impairment.

Intangible Assets

In connection with its acquisition of FC Banc Corp. in 2013, the Corporation recorded a core deposit intangible asset of \$4.8 million. During the years ended December 31, 2022, 2021, and 2020, the Corporation recorded amortization expense of zero, zero and \$94 thousand, respectively. The net carrying values at December 31, 2022 and 2021 was zero, respectively. No other intangible assets were required to be recorded in connection with the acquisition of FC Banc Corp.

In connection with its acquisition of Lake National Bank in 2016, the Corporation recorded a core deposit intangible asset of \$1.6 million. During the year ended December 31, 2022, 2021, and 2020, the Corporation recorded amortization expense of zero, zero, and \$66 thousand, respectively. The net carrying values at December 31, 2022 and 2021 was zero, respectively. No other intangible assets were required to be recorded in connection with the acquisition of Lake National Bank.

In connection with its acquisition of Bank of Akron in 2020, the Corporation recorded a core deposit intangible asset of \$613 thousand. During the year ended **December 31, 2022**, **December 31, 2023**, **2021**, **2022**, and **2020**, **2021**, the Corporation recorded amortization expense of \$84 thousand, \$96 thousand, and \$107 thousand, \$46 thousand, respectively. The net carrying value at **December 31, 2022**, **December 31, 2023** and **2021**, **2022** was \$364 thousand and \$460 thousand, respectively. No other intangible assets were required to be recorded in connection with the acquisition of Bank of Akron.

Estimated amortization expense of core deposit intangible assets for each of the next five years is as follows:

2023		\$	85
2024			
2024	2024		73
2025	2025		62
2026	2026		51
2027	2027		40
2028			
Thereafter	Thereafter		53
Total	Total	\$	364

11. In connection with the formation of Ridge View Bank, a division of the Bank, the Corporation recorded an intangible asset related to naming rights in 2023. The naming rights have an indefinite useful life. The Corporation does not amortize intangible assets with indefinite lives but assesses them for impairment annually or more frequently if events or changes in circumstances indicate potential impairment.

As of December 31, 2023, the carrying amount of naming rights intangible assets was \$125 thousand and no impairment indicators were identified during the year ended December 31, 2023.

Management evaluates events or changes in circumstances that may impact the indefinite useful life assessment of the naming rights intangible asset. If impairment indicators are identified, the Corporation will perform a qualitative or quantitative impairment test, as applicable.

9. Deposits

The following table reflects time certificates of deposit accounts included in total deposits and their remaining maturities at **December 31, 2022**, **December 31, 2023**:

Time deposits maturing:	Time deposits maturing:		
2023		\$	262,954
Time deposits maturing:			
Time deposits maturing:			
2024			
2024	2024		122,314
2025	2025		40,319
2026	2026		9,632
2027	2027		7,547
2028			
Thereafter	Thereafter		3,695
Total	Total	\$	446,461

Certificates of deposit of \$250 thousand or more totaled \$100.2 million and \$135.4 million at December 31, 2023 and \$116.6 million at December 31, 2022, respectively.

The Corporation had \$208.3 million in brokered deposits as of December 31, 2023 compared to \$24.1 million at December 31, 2022. In addition, the Corporation had \$739.3 million and \$2021.46 million in reciprocal deposits at December 31, 2023 and December 31, 2022, respectively.

12.10. Borrowings

At **December 31, 2022**, **December 31, 2023** and **2021**, **2022**, the Corporation had available one \$10 million unsecured line of credit with an unaffiliated institution. Borrowings under the line of credit bear interest at a variable rate equal to SOFR the Secured Overnight Finance Rate ("SOFR") plus 2.85%. There were no borrowings on the line of credit at

December 31, 2022 December 31, 2023 and 2021, 2022.

FHLB Borrowings

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

Total loans pledged to the FHLB at December 31, 2022, December 31, 2023 and 2021, 2022, were \$1.6 billion \$1.8 billion and \$1.3 billion \$1.6 billion, respectively. The Bank could obtain advances of up to approximately \$757.8 million \$993.8 million from the FHLB at December 31, 2022 December 31, 2023 and \$932.7 million \$757.8 million at December 31, 2021 December 31, 2022.

At December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, outstanding advances from the FHLB are/were as follows:

	2022	2021
Open Repo borrowing at an interest rate of 4.45% at December 31, 2022. The maximum amount of the Open Repo borrowing available is \$250,000.	\$ 132,396	\$ --
2023	2023	2022
Open Repo borrowing at an interest rate of 5.68% and 4.45% at December 31, 2023 and December 31, 2022. The maximum amount of the Open Repo borrowing available is \$250,000.		
Total	Total \$ 132,396	\$ --

At December 31, 2022 December 31, 2023 and 2021, 2022, municipal deposit letters of credit issued by the FHLB on behalf of the Bank naming applicable municipalities as beneficiaries were \$75.5 million \$155.7 million and \$10.4 \$75.5 million, respectively. The letters of credit were utilized in place of securities pledged to the municipalities for their deposits maintained at the Bank.

Federal Reserve Borrowings

In June 2023, the Bank was approved by the Federal Reserve Bank of Philadelphia (the "Federal Reserve") for its Borrower-in-Custody ("BIC") program. At December 31, 2023, the Bank had borrowing capacity through the Federal Reserve BIC program of \$255.5 million. Borrowings under the BIC program are overnight advances with interest chargeable at the discount window ("primary credit") borrowing rate. At December 31, 2023, the Bank has pledged certain qualifying loans with an unpaid principal balance of \$282.7 million and securities with a carrying value of \$78.5 million as collateral.

Other Borrowings

At December 31, 2022 December 31, 2023 and 2021, 2022, the Bank had no outstanding borrowings from unaffiliated institutions under overnight borrowing agreements.

Subordinated Debentures

In 2007, the Corporation issued two \$10.0 million floating rate trust preferred securities as part of a pooled offering of such securities. The interest rate on each offering was determined quarterly and floated based on the three-month LIBOR plus 1.55%. Effective September 15, 2023, the interest rate calculation method was revised. The interest rate is now determined quarterly, and floats based on the 3 month LIBOR three-month SOFR plus a credit spread adjustment of 0.26161% plus 1.55%. This change reflects the transition from LIBOR to SOFR as the reference rate. The all-in rate was 7.20% at December 31, 2023 and 6.32% at December 31, 2022 and 1.75% at December 31, 2021. The Corporation issued subordinated debentures to the trusts in exchange for the proceeds of the offerings, which debentures represent the sole assets of the trusts. The subordinated debentures must be redeemed no later than 2037. The Corporation may redeem the debentures, in whole or in part, at face value at any time. The Corporation has the option to defer interest payments from time to time for a period not to exceed five consecutive years. Although the trusts are variable interest entities, the Corporation is not the primary beneficiary. As a result, because the trusts are not consolidated with the Corporation, the Corporation does not report the securities issued by the trusts as liabilities. Instead, the Corporation reports as liabilities the subordinated debentures issued by the Corporation and held by the trusts, since the liabilities are not eliminated in consolidation. The trust preferred securities were designated to qualify as Tier 1 capital under the Federal Reserve's capital guidelines.

Subordinated Notes

In September 2016, the Corporation completed a private placement of \$50.0 million in aggregate principal amount of fixed-to-floating rate subordinated notes (the "2026 Notes"). The notes will mature in October 2026, and will initially bear interest at a fixed rate of 5.75% per annum, payable semi-annually in arrears, to, but excluding, October 15, 2021, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 4.55%. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. On October 15, 2021, the Corporation completed its redemption of the 2026 Notes, representing all of the outstanding 2026 Notes. The 2026 Notes were redeemed pursuant to their terms at a price equal to 100% of the principal amount plus accrued and unpaid interest up to, but excluding, October 15, 2021. The total aggregate redemption price was \$50.7 million, which amount included an accrued interest payment of \$719 thousand. The Corporation financed the redemption with cash on hand, including the net proceeds from the issuance and sale of \$85.0 million aggregate principal amount of the Corporation's 3.25% Fixed-to-Floating Rate Subordinated Notes due 2031.

In June 2021, the Corporation sold \$85.0 million aggregate principal amount of its fixed-to-floating rate subordinated notes to eligible purchasers in a private offering in reliance on the exemption from the registration requirements of Section 4(a)(2) of the Securities Act and the provisions of Rule 506 of Regulation D thereunder. The notes will mature in June 2031, and initially bear interest at a fixed rate of 3.25% per annum, payable semi-annually in arrears, to, but excluding, June 15, 2026, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate will reset quarterly to an interest rate per annum equal to the then current three-month average Secured Overnight Financing Rate ("SOFR") plus 2.58%. The net proceeds from the sale were approximately \$83.5 million, after deducting offering expenses. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. The unamortized debt issuance costs were \$1.0 million \$0.7 million and \$1.3 \$1.0 million as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively.

13.

11. Employee Benefit Plans

The Corporation sponsors a contributory defined contribution Section 401(k) plan. The plan permits eligible employees to make pre-tax and Roth contributions up to 70% of salary. Employees 21 years of age or over with a minimum of one-year with 1,000 hours 90 days of service are eligible for matching contributions by the Corporation at 100% for every 1% contributed up to 3% then 50% for every 1% contributed up to the next 2% in total of the employee's compensation. The Corporation's matching contribution and related expenses were \$1.6 million \$1.8 million, \$1.2 million \$1.6 million and \$1.1 million \$1.2 million for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively. A profit sharing discretionary non-contributory pension plan component is in place for employees 21 years of age or over with a minimum of one-year with 1,000 hours of service and allows employer contributions in an amount equal to a percentage of eligible compensation plus 5.7% of the compensation in excess of \$147 \$160 thousand, subject to a \$305 \$330 thousand salary limit. The Corporation recognized profit sharing expense of \$2.9 million \$3.6 million, \$2.0 million \$2.9 million and \$1.9 million \$2.0 million for the year ended December 31, 2022 December 31, 2023, 2021, 2022, and 2019 2021 respectively.

The Corporation has adopted a non-qualified supplemental executive retirement plan ("SERP") for certain executives to compensate those executive participants in the Corporation's retirement plan whose benefits are limited by compensation limitations under current tax law. The SERP is considered an unfunded plan for tax and ERISA purposes and all obligations arising under the SERP are payable from the general assets of the Corporation. At December 31, 2022 December 31, 2023 and 2021, 2022, obligations of \$9.7 million \$10.0 million and \$8.8 million \$9.7 million, respectively, were included in other liabilities for this plan. Expenses related to this plan were \$565 thousand for the year ended December 31, 2023, \$1.3 million for the year ended December 31, 2022, and \$2.1 million for the year ended December 31, 2021 and \$992 thousand for the year ended December 31, 2020.

The Corporation has established a Survivor Benefit Plan for the benefit of outside directors. The purpose of the plan is to provide life insurance benefits to beneficiaries of the Corporation's directors who at the time of their death are participants in the plan. The plan is considered an unfunded plan for tax and ERISA purposes and all obligations arising under the plan are payable from the general assets of the Corporation. At December 31, 2022 December 31, 2023 and 2021, 2022, obligations of \$1.6 million \$1.3 million and \$1.5 million \$1.6 million, respectively, were included in other liabilities for this plan. Expenses (benefits) related to this plan were \$(213) thousand for the year ended December 31, 2023, \$81 thousand for the year ended December 31, 2022, and \$196 thousand for the year ended December 31, 2021 and \$253 thousand for the year ended December 31, 2020.

On December 31, 2021, the Corporation adopted a Defined Contribution Plan for several employees (the "Plan"), pursuant to which the Corporation will make certain annual contributions to the Plan on the employee's behalf, which will be paid to the employee following their termination of employment from the Corporation or, if earlier, upon the employee becoming disabled. The Plan became effective as of January 2, 2022.

The Corporation has an unfunded post-retirement benefits plan which provides certain health care benefits for retired employees who have reached the age of 60 and retired with 30 years of service. The plan was amended in 2013 to include only employees hired prior to January 1, 2000. Benefits are provided for these retired employees and their qualifying dependents from the age of 60 through the age of 65.

The following table sets forth the change in the benefit obligation of the plan as of and for the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Benefit obligation at beginning of year	\$ 1,487	\$ 1,829
Interest cost	30	28
Service cost	42	52
Actual claims	(50)	(31)
Actuarial gain	(303)	(391)
Benefit obligation at end of year	\$ 1,206	\$ 1,487

Amounts recognized in accumulated other comprehensive income at December 31, 2022 and 2021 consisted of:

	December 31, 2022	December 31, 2021
Net actuarial gain	\$ 972	\$ 782
Tax effect	(204)	(165)
Total	\$ 768	\$ 617

The accumulated benefit obligation was \$1.2 million and \$1.5 million at December 31, 2022 and 2021, respectively.

The following table sets forth the components of net periodic benefit cost and other amounts recognized in other comprehensive income:

	December 31, 2022	December 31, 2021	December 31, 2020
Service cost	\$ 42	\$ 52	\$ 61
Interest cost	30	28	51
Net amortization of transition obligation and actuarial loss	(113)	(43)	—
Net periodic benefit cost	(41)	37	112
Net gain	(303)	(391)	(277)
Amortization	113	43	—
Total recognized in other comprehensive income	(190)	(348)	(277)
Total recognized in net periodic benefit cost and other comprehensive income	\$ (231)	\$ (311)	\$ (165)

The estimated net gain that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is \$(174) thousand.

The weighted average discount rate used to calculate net periodic benefit cost was 2.10% for year ended December 31, 2022, 1.55% for year ended December 31, 2021, and 2.59% for year ended December 31, 2020. The weighted average rate used to calculate accrued benefit obligations was 4.72% for year ended December 31, 2022, 2.10% for year ended December 31, 2021, and 1.55% for year ended December 31, 2020. The health care cost trend rate used to measure the expected costs of benefits is 5.0% for 2023 and thereafter.

14.12. Deferred Compensation Plans

Deferred compensation plans cover all directors and certain officers. Under the plans, the Corporation pays each participant, or their beneficiary, the value of the participant's account over a maximum period of 10 years, beginning with the individual's termination of service. A liability is accrued for the obligation under these plans.

A summary of changes in the deferred compensation plan liability follows:

	December 31, 2023	December 31, 2023	December 31, 2022	December 31, 2021
Balance, beginning of year	Balance, beginning of year	\$ 3,675	\$ 3,085	\$ 3,234
Deferrals, dividends, and changes in fair value	Deferrals, dividends, and changes in fair value	(2)	1,084	(70)
Deferred compensation payments	Deferred compensation payments	(23)	(494)	(79)
Balance, end of year	Balance, end of year	<u>\$ 3,650</u>	<u>\$ 3,675</u>	<u>\$ 3,085</u>

15.13. Income Taxes

The following is a summary of income tax expense for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

	December 31, 2022		December 31, 2021	
	December 31, 2023	December 31, 2023	December 31, 2022	December 31, 2021
Current –	Current –			
federal	federal	\$ 15,494	\$ 13,494	\$ 8,681
Current –	Current –			
state	state	1,346	1,268	729
Deferred	Deferred			
– federal	– federal	(1,618)	(1,025)	(1,672)
Deferred	Deferred			
– state	– state	(196)	(666)	(391)
Income	Income			
tax	tax			
expense	expense	<u>\$ 15,026</u>	<u>\$ 13,071</u>	<u>\$ 7,347</u>
Income tax expense				
Income tax expense				

The reconciliation of income tax attributable to pre-tax income at the federal statutory tax rates to income tax expense is as follows:

	December 31, 2022	%	December 31, 2021	%	December 31, 2020	%	
	December 31, 2023				December 31, 2023		
Tax at	Tax at				Tax at statutory rate		
statutory rate	statutory rate	\$ 16,425	21.0 %	\$ 14,863	21.0 %	\$ 8,419	21.0 %
Tax exempt	Tax exempt				\$ 15,084	21.0 %	
income, net	income, net	(1,036)	(1.3)	(1,016)	(1.4)	(1,119)	(2.8)

Bank owned life insurance	Bank owned life insurance	(721)	(0.9)	(554)	(0.8)	(367)	(0.9)
Bank owned life insurance							
Tax credits, net of amortization							
Tax credits, net of amortization							
Tax credits, net of amortization	Tax credits, net of amortization	(193)	(0.3)	(215)	(0.3)	(104)	(0.3)
Effect of state tax	Effect of state tax	908	1.2	476	0.7	576	1.4
Other	Other	(357)	(0.5)	(483)	(0.7)	(58)	(0.1)
Income tax expense	Income tax expense	\$ 15,026	19.2 %	\$ 13,071	18.5 %	\$ 7,347	18.3 %
						Income tax expense	
						\$13,809	
						19.2	
						19.2 %	
						\$15,026	
						19.2	
						19.2 %	
						\$13,071	
						18.5	
						18.5 %	

The following table sets forth deferred taxes as of December 31, 2022 December 31, 2023 and 2021: 2022:

		December 31, 2022	December 31, 2021				
	December 31,						
	2023						
Deferred tax assets:	Deferred tax assets:						
Allowance for credit losses	Allowance for credit losses						
Allowance for credit losses	Allowance for credit losses	\$ 9,154	\$ 7,606				
Fair value adjustments – business combination	Fair value adjustments – business combination	917	1,240				
Deferred compensation	Deferred compensation	3,448	3,344				
Net operating loss carryover	Net operating loss carryover	344	327				
Net operating loss carryover	Net operating loss carryover						
Post-retirement benefits	Post-retirement benefits	647	696				
Unrealized loss on interest rate swap	Unrealized loss on interest rate swap	—	81				
Unrealized loss on equity securities	Unrealized loss on equity securities						
Nonaccrual loan interest	Nonaccrual loan interest	348	509				
Accrued expenses	Accrued expenses	2,300	1,718				
Deferred fees and costs	Deferred fees and costs	997	1,259				

Unrealized loss on securities available-for-sale	Unrealized loss on securities available-for-sale	12,914	188
Unrealized loss on securities held-to-maturity	Unrealized loss on securities held-to-maturity	1,265	—
Operating lease liability	Operating lease liability	7,645	4,845
Other	Other	671	383
		39,219	
Deferred tax liabilities:			
		40,650	22,196
Deferred tax liabilities:			
Premises and equipment			
Premises and equipment			
Premises and equipment	Premises and equipment	3,409	3,093
Unrealized gain on equity securities	Unrealized gain on equity securities	119	292
Intangibles – section 197	Intangibles – section 197	2,492	2,494
Mortgage servicing rights	Mortgage servicing rights	399	366
Unrealized gain on interest rate swap	Unrealized gain on interest rate swap	32	—
Operating lease asset	Operating lease asset	7,397	4,649
Other	Other	68	220
		13,916	11,114
		15,292	
Net deferred tax asset	Net deferred tax asset	\$ 26,734	\$ 11,082

At December 31, 2022 December 31, 2023 and 2021, 2022, the Corporation had no unrecognized tax benefits. The Corporation does not expect the total amount of unrecognized tax benefits to significantly increase in the next twelve months.

At December 31, 2022 December 31, 2023, the Corporation had state net operating loss carryforwards of approximately \$15.5 million \$15.2 million related to the acquisition of Bank of Akron, which will expire at various dates from 2034 to 2039. The Corporation's ability to utilize carryforwards is limited to \$363 thousand per year. Due to this limitation, management has determined it is more likely than not that approximately \$9.5 million of net operating loss carryforwards will expire unutilized.

The Corporation recognizes interest and/or penalties related to income tax matters as part of income tax expense. At December 31, 2022 December 31, 2023, 2021 2022, and 2020, 2021, there were no amounts accrued for interest and/or penalties and no amounts recorded as expense for the years ending December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021.

The Corporation and its subsidiaries are subject to U.S. federal income tax, as well as filing various state returns. The Corporation is no longer subject to U.S. federal income tax examinations by the taxing authorities for years prior to 2019, 2020. Tax years 2019 2020 through 2022 2023 are open to examination.

16.14. Related Party Transactions

Loans to principal officers, directors, and their affiliates during 2022 2023 were as follows:

Beginning balance	\$	45,757 44,998
New loans and advances		6,224 2,716
Effect of changes in composition of related parties		(494) 462
Repayments		(6,489) (8,047)
Ending balance	\$	44,998 40,129

Deposits from principal officers, directors, and their affiliates were \$11.4 million and \$13.7 million at December 31, 2023 and \$23.5 million at December 31, 2022 and 2021, 2022, respectively.

17.15. Stock-Based Compensation

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

The 2019 Stock Incentive Plan provides for up to 507,671 shares of common stock to be awarded in the form of nonqualified options or restricted stock. For key employees, the vesting of time-based restricted stock is one-third, one-fourth, or one-fifth of the granted restricted shares per year, beginning one year after the grant date, with 100% vesting on the third, fourth or fifth anniversary of the grant date, respectively. Prior to 2018, for non-employee directors, the vesting schedule was one-third of the granted restricted shares per year, beginning one year after the grant date, with 100% vested on the third anniversary of the grant date. Beginning in 2018, stock compensation received by non-employee directors vests immediately. All stock-based compensation grants during the years ending December 31, 2022 2023, 2021 2022, and 2020 2021 and outstanding at December 31, 2022 2023, 2021 2022 and 2020 2021 were time-based and performance-based restricted stock.

During the years ended December 31, 2022 December 31, 2023, 2021 2022, and 2020 2021, the Executive Compensation and Personnel Committee of the Corporation's Board of Directors granted a total of 105,185, 57,823, 55,218 and 36,968 55,218 shares, respectively, of time-based restricted common stock to certain key employees and all independent directors of the Corporation.

Compensation expense for the restricted stock awards is recognized over the requisite service period based on the fair value of the shares at the date of grant on a straight-line basis. Non-vested restricted stock awards are recorded as a reduction of additional paid-in-capital in shareholders' equity until earned. Compensation expense resulting from time-based, performance-based and director restricted stock awards was \$1.2 million \$1.7 million, \$1.4 million \$1.2 million and \$1.4 million for the years ended December 31, 2022 December 31, 2023, 2021 2022, and 2020 2021, respectively. The total income tax benefit related to the recognized compensation cost of vested restricted stock awards was \$262 \$354 thousand, \$296 \$262 thousand, and \$296 thousand for the years ended December 31, 2022 2023, 2021 2022 and 2020 2021, respectively.

A summary of changes in time-based unvested restricted stock awards follows:

		Shares	Fair Value	Weighted-average Grant Date Fair Value
Non-vested at January 1, 2022		69,643	\$ 24.18	
Non-vested at January 1, 2023				
Granted	Granted	46,033	26.64	
Forfeited	Forfeited	(1,440)	25.04	
Vested	Vested	(44,490)	25.05	

Non-vested at		
December 31, 2022	69,746	\$ 25.21
Non-vested at		
December 31, 2023		

The above table excludes 11,790 14,510 shares in restricted stock awards that were granted to the Corporation's Board of Directors and certain employees at a weighted average fair value of \$26.71 \$24.12 and immediately vested. As of December 31, 2022 December 31, 2023 and 2021, 2022, there was \$1.2 million \$2.1 million and \$1.1 million \$1.2 million, respectively, of total unrecognized compensation cost related to non-vested shares granted under the restricted stock award plan. 2019 Stock Incentive Plan. The fair value of shares vesting during the year end December 31, 2022 December 31, 2023, 2022, and 2021 and 2020 was \$1.0 million, \$1.4 million, and \$835 thousand, and \$1.1 million, respectively.

In addition to the time-based restricted stock disclosed above, the Corporation's Board of Directors grants performance-based restricted stock awards ("PBRSAs") to key employees. The number of PBRSAs will depend on certain performance conditions earned over a three year period and are also subject to service-based vesting. In 2022, awards with a maximum of 23,124 shares, 13,761 shares, in aggregate were granted to key employees. In 2021, awards with a maximum of 18,210 shares in aggregate were granted to key employees. In 2020, awards with a maximum of 18,100 shares in aggregate were granted to key employees. 2023, 2022, and 2021, respectively.

Total compensation expense related to the PBRSAs and included in the above compensation expense total was \$235 thousand, \$91 thousand and \$378 thousand for 2023, 2022, and \$384 thousand for 2022, 2021 and 2020. Estimated remaining unearned compensation related to PBRSAs at December 31, 2022 December 31, 2023 was \$12 \$442 thousand.

In 2022, the 2020 PBRSAs were fully earned and in 2023, 4,118 shares were fully distributed. The fair value of the 4,118 shares distributed in 2023 was \$99 thousand. In 2021, the 2019 PBRSAs were fully earned and in 2022, 11,895 shares were fully distributed. The fair value of the 11,895 shares distributed in 2022 was \$318 thousand. In 2020, the 2018 PBRSAs were fully earned and in 2021, 10,587 shares were fully distributed. The fair value of the 10,587 shares distributed in 2021 was \$223 thousand.

The number of authorized stock-based awards still available for grant as of December 31, 2022 December 31, 2023 was 320,372. 165,165.

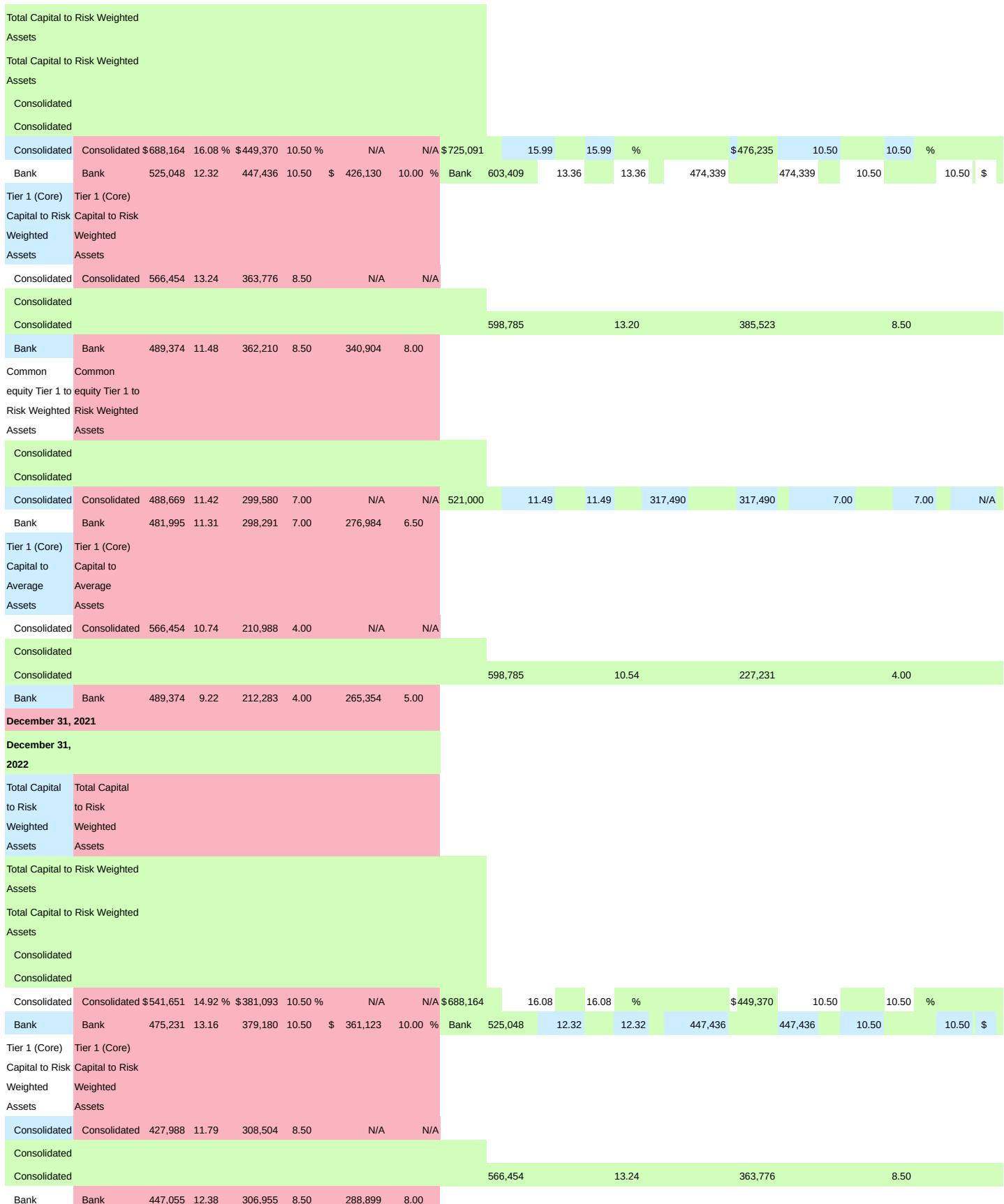
18.16. Regulatory Capital Matters

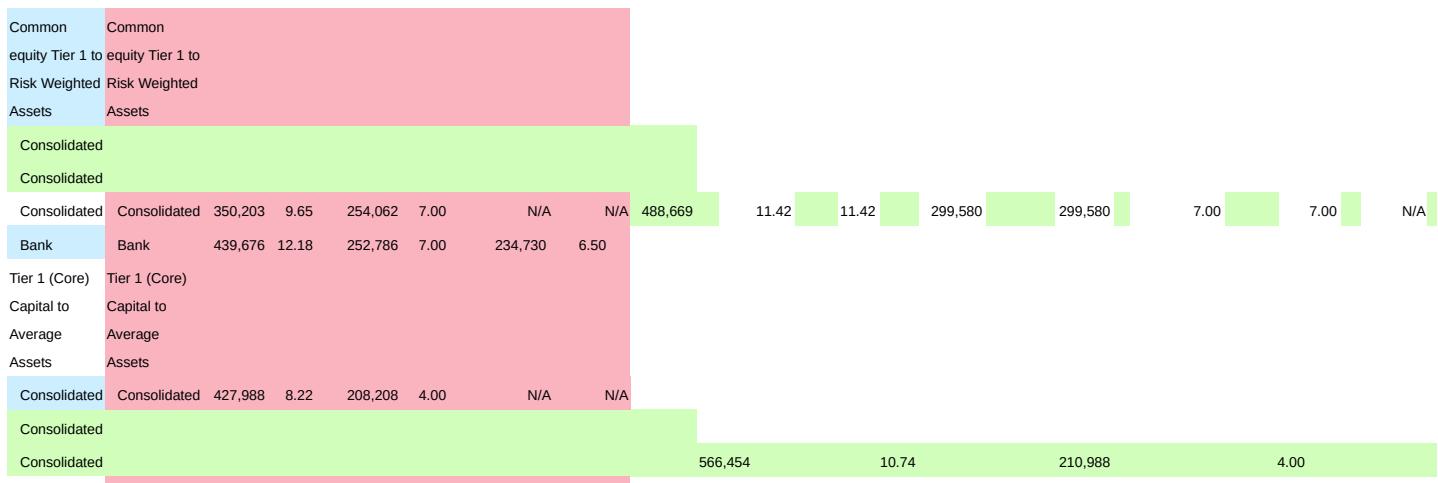
Banks and financial holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, for the Bank, prompt corrective action ("PCA") regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can result in regulatory enforcement actions. The net unrealized gain or loss on AFS debt securities is excluded from computing regulatory capital. Management believes as of December 31, 2022 December 31, 2023 the Corporation and the Bank meet all capital adequacy requirements to which they are subject.

The PCA regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms alone do not represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion; brokered deposits may not be accepted, renewed or rolled over; and capital restoration plans are required. As of December 31, 2022 December 31, 2023 and 2021, 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the PCA. There are no events or conditions since this notification that management believes have changed the Bank's capital category.

Actual and required capital amounts and ratios are presented below as of December 31, 2022 December 31, 2023 and 2021, 2022. The capital adequacy ratio includes the capital conservation buffer.

	For Capital Adequacy Purposes (1)						To Be Well Capitalized Under Prompt Corrective Action Provisions					
	Actual		Purposes (1)		Action Provisions		Actual		For Capital Adequacy Purposes (1)		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022												
December 31, 2023												
Total Capital	Total Capital											
to Risk	to Risk											
Weighted	Weighted											
Assets	Assets											





(a) The minimum amounts and ratios as of December 31, 2022 December 31, 2023 and 2021 2022 include the full phase in of the capital conservation buffer of 2.5 percent required by the Basel III framework.

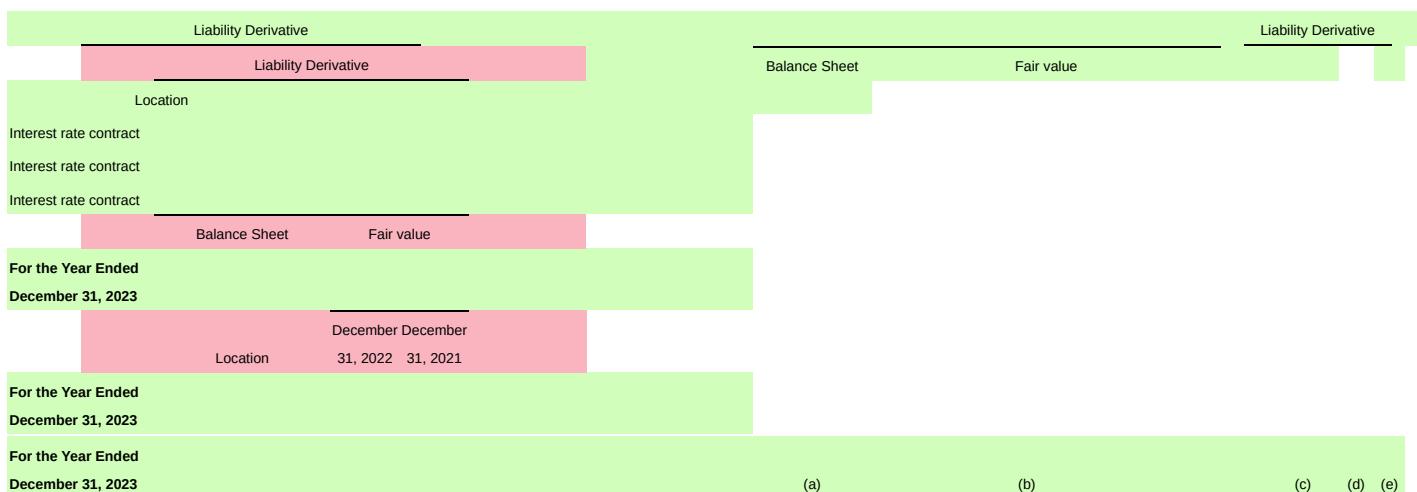
Certain restrictions exist regarding the ability of the Bank to transfer funds to the Corporation in the form of cash dividends, loans or advances. During 2022, \$248.2 million 2023, \$421.5 million of accumulated net earnings of the Bank included in consolidated shareholders' equity, plus any 2023 2024 net profits retained to the date of the dividend declared, is available for distribution to the Corporation as dividends without prior regulatory approval, subject to regulatory capital requirements described above.

19.17. Derivative Instruments

On September 7, 2018, the Corporation executed an interest rate swap agreement with a 5-year term and an effective date of September 15, 2018 in order to hedge cash flows associated with \$10.0 million of a subordinated note that was issued by the Corporation during 2007 and elected cash flow hedge accounting for the agreement. The Corporation's objective in using this derivative is to add stability to interest expense and to manage its exposure to interest rate risk. The interest rate swap involves the receipt of variable-rate amounts in exchange for fixed-rate payments from September 15, 2018 to September 15, 2023 without the exchange of the underlying notional amount. At December 31, 2022, the variable rate The swap that expired on the subordinated debt September 15, 2023 was 6.32% (LIBOR plus 155 basis points) and the Corporation was paying 4.53% (2.98% fixed rate plus 155 basis points), not renewed.

As of December 31, 2022 December 31, 2023 and 2021, 2022, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Corporation does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges.

The following tables provide information about the amounts and locations of activity related to the interest rate swaps designated as cash flow hedges within the Corporation's consolidated balance sheet and statement of income as of December 31, 2022 December 31, 2023 and 2021 2022 and for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:



Interest rate contract	Interest rate contract	Accrued interest receivable (payable) and other assets (liabilities)	\$150	\$(388)	Interest rate contract	\$119	\$151	Other income	\$—
For the Year Ended December 31, 2022	For the Year Ended December 31, 2022	(a)	(b)	(c)	(d)	(e)			
Interest rate contract	Interest rate contract		Interest expense – subordinated debentures	Other	\$				
		\$425	debentures	\$(127)	income	—			
Interest rate contract									
Interest rate contract						425	Interest expense – subordinated debentures	(127)	Other income
For the Year Ended December 31, 2021	For the Year Ended December 31, 2021								
Interest rate contract	Interest rate contract		Interest expense – subordinated debentures	Other					
		301	debentures	(276)	income	—			
For the Year Ended December 31, 2020	For the Year Ended December 31, 2020								
Interest rate contract	Interest rate contract		Interest expense – subordinated debentures	Other					
		(224)	debentures	(224)	income	—			
Interest rate contract						301	Interest expense – subordinated debentures	(276)	Other income

- (a) Amount of Gain or (Loss) Recognized in Other Comprehensive Loss on Derivative (Effective Portion), net of tax
- (b) Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)
- (c) Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)
- (d) Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
- (e) Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)

Amounts reported in accumulated other comprehensive loss related to the interest rate swap will be reclassified to interest expense as interest payments are made on the subordinated debentures. Such amounts reclassified from accumulated other comprehensive loss to interest expense in the next twelve months are expected to be a \$179 thousand benefit.

As of December 31, 2022 December 31, 2023 and 2021, 2022, a cash collateral balance of zero and \$200 thousand, and \$1.1 million, respectively, was maintained with the counterparty to the interest rate swaps. These balances are included in interest bearing deposits with other banks on the consolidated balance sheets.

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

The Corporation pledged cash collateral to another financial institution with a balance \$173 thousand as of December 31, 2022 December 31, 2023 and \$3.4 million \$173 thousand as of December 31, 2021 December 31, 2022. This balance is included in interest bearing deposits with other cash and due from banks on the consolidated balance sheets. The Corporation may require its customers to post cash or securities as collateral on its program of back-to-back swaps depending upon the specific facts and circumstances surrounding each loan and individual swap. In addition, certain language is included in the International Swaps and Derivatives Association agreement and loan documents where, in default situations, the Corporation is permitted to access collateral supporting the loan relationship to recover any losses suffered on the derivative asset or liability. The Corporation may be required to post additional collateral to swap counterparties in the future in proportion to potential increases in unrealized loss positions. Effective on September 30, 2023, the Corporation amended all of the back-to-back swap contracts to reference the 1-month SOFR plus a credit spread adjustment of 11.448 basis points "Fallback SOFR."

The following table provides information about the amounts and locations of activity related to the back-to-back interest rate swaps within the Corporation's consolidated balance sheet as of December 31, 2022 December 31, 2023 and 2021 2022:

	Current Notional Amount	Average Maturity (in years)	Weighted Fixed Rate	Weighted Average Variable Rate	Fair Value
December 31, 2023					
December 31, 2023					
December 31, 2023					
3rd Party interest rate swaps					
3rd Party interest rate swaps					
3rd Party interest rate swaps					
Customer interest rate swaps					
Customer interest rate swaps					
Customer interest rate swaps					
December 31, 2022	December 31, 2022				
3rd Party interest rate swaps	\$31,417	4.9	4.12 %	1 month LIBOR + 1.68%	\$1,700 (a)
Customer interest rate swaps	(31,417)	4.9	4.12 %	1 month LIBOR + 1.68%	(1,700) (b)
December 31, 2021					
3rd Party interest rate swaps					
3rd Party interest rate swaps	\$32,768	5.8	4.12 %	1 month LIBOR + 2.27%	\$2,124 (a)
Customer interest rate swaps	(32,768)	5.8	4.12 %	1 month LIBOR + 2.27%	(2,124) (b)
Customer interest rate swaps					
Customer interest rate swaps					
Customer interest rate swaps					

Risk Participation Agreements

20.

The Corporation entered into Risk Participation Agreement ("RPA") swaps with other financial institution related to loans in which the Corporation is a participant. The RPAs provide credit protection to the financial institutions should the borrower fail to perform on its interest rate derivative contracts with the financial institutions. The notional amounts of these contingent agreements total \$21.7 million as of December 31, 2023, and zero as of December 31, 2022.

18. Off-Balance Sheet Commitments and Contingencies

Financial Instruments The Corporation is a party to financial instruments with Off-Balance Sheet Risk

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

As of December 31, 2023 and 2022, the Corporation did not own or trade other financial instruments with significant off-balance sheet risk including derivatives such as futures, forwards, option contracts and the like, although such instruments may be appropriate to use in market the future to manage interest rate risk. See Note 17, "Derivative Instruments," for a description of interest rate derivatives entered into by the Corporation.

Standby letters of credit **commit** are conditional commitments issued by the Corporation to **make** guarantee the performance of a customer to a third party. The contract or notional amount of these instruments reflects the maximum amount of future payments **on behalf** that the Corporation could be required to pay under the guarantees if there were a total default by the guaranteed parties, without consideration for possible recoveries under recourse provisions or from collateral held or pledged. In addition, many of **customers** when **certain specified** these commitments are expected to expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future **events** occur. They are primarily issued to facilitate customers' trade transactions.

Both arrangements have credit risk, essentially the same as that involved in extending loans to customers, and are subject to the Corporation's normal credit policies. Collateral is obtained based on a credit assessment of the customer's cash requirements.

The Corporation's maximum obligation to extend credit for loan commitments (unfunded loans and unused lines of credit) and standby letters of credit outstanding as of **December 31, 2022** December 31, 2023 and **2021** 2022 were as follows:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
	Fixed Rate	Variable Rate						
Commitments								
to make loans	\$ 126,594	\$ 441,008	\$ 94,924	\$ 323,013				
Unused lines of credit	7,444	725,277	13,265	663,903				
Standby letters of credit	16,124	1,603	15,063	1,623				

Commitments to **make loans** 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 **made for periods** have fixed expiration dates or other termination clauses and may require payment of **60 days or less**, a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral that is held varies but may include securities, accounts receivable, inventory, property, plant and equipment, and residential and income-producing commercial properties.

Allowance for Credit Losses on Unfunded Loan Commitments

The Corporation maintains an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans receivable, modified to take into account the probability of a draw-down on the commitment. The provision for credit losses on unfunded loan commitments is included in the provision for credit losses on the Corporation's consolidated statements of income. The allowance for unfunded commitments is included in other liabilities in the consolidated balance sheets. Note 3, "Loans Receivable and Allowance for Credit Losses," in the consolidated financial statements provides more detail concerning the provision for credit losses related to the loan portfolio of the Corporation.

The following table presents activity in the allowance for credit losses on unfunded loan commitments for the years ended December 31, 2023, 2022, and 2021, respectively:

	Year ended December 31,		
	2023	2022	2021
Beginning balance	\$ 603	\$ —	\$ —
Provision for credit losses on unfunded loan commitments ⁽¹⁾	156	603	—
Ending balance	\$ 759	\$ 603	\$ —

⁽¹⁾ Excludes provision for credit losses related to the loan portfolio.

Other Off-Balance Sheet Commitments

The Corporation makes investments in limited partnerships, including certain small business investment corporations and low income housing partnerships. Capital contributions for investments in small business companies ("SBICs" SBIC) and other limited partnerships, reported in FHLB and other restricted stock holdings and investments on the consolidated balance sheet, as of **December 31, 2022** December 31, 2023 and **2021** 2022, were **\$17.0 million** \$21.7 million and **\$14.5 million** \$17.0 million, respectively. Unfunded capital commitments in investments in SBICs SBIC's and other limited partnerships totaled **\$5.5 million** \$6.8 million and **\$8.0 million** \$5.5 million as of **December 31, 2022** December 31, 2023 and **2021** 2022, respectively. These investments are accounted for either under the equity method of accounting.

Qualified Affordable Housing Project Investments

The carrying value of investments in the low income housing partnerships, reported in FHLB and other restricted stock holdings and investments on the consolidated balance sheet, as of December 31, 2022 December 31, 2023 and 2021 2022 were \$4.5 million \$3.8 million and \$5.3 million, \$4.5 million, respectively. The related amortization for the twelve months years ended December 31, 2022 December 31, 2023, 2022, and 2021 and 2020 were \$747 thousand, \$803 thousand, \$691 thousand and \$634 thousand, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the consolidated balance sheet, as of December 31, 2022 December 31, 2023 and 2021 2022, were \$1.0 million \$796 thousand and \$2.1 million, \$1.0 million, respectively.

Allowance for Credit Losses on Unfunded Loan Commitments

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

The following table presents activity in the allowance for credit losses on unfunded loan commitments for the years ended December 31, 2022 and 2021, respectively:

	Year ended December 31,					
	2022		2021			
	\$	—	\$	—	\$	—
Beginning balance						
Provision for credit losses on unfunded loan commitments (1)		603		—		—
Ending balance	\$	603	\$	—	\$	—

(1) Excludes provision for credit losses related to the loan portfolio.

Litigation

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

21.

19. Parent Company Only Financial Information

CONDENSED BALANCE SHEETS	CONDENSED BALANCE SHEETS	December 31,		CONDENSED BALANCE SHEETS	December 31,	2023
		2022	2021			
Assets	Assets					
Cash	Cash					
Cash	Cash					
Cash	Cash	\$142,832	\$ 47,035			
Equity securities	Equity securities	2,750	2,850			
Investment in bank subsidiary	Investment in bank subsidiary	466,268	474,902			
Investment in non-bank subsidiaries	Investment in non-bank subsidiaries	21,566	20,327			
Deferred assets and current receivables	Deferred assets and current receivables	1,782	1,798			
Other assets	Other assets	931	1,044			
Total assets	Total assets	\$636,129	\$547,956			
Liabilities	Liabilities					

Subordinated debentures	Subordinated debentures	\$104,584	\$104,281
Subordinated debentures			
Subordinated debentures			
Other liabilities	Other liabilities	783	828
Total liabilities	Total liabilities	105,367	105,109
Stockholders' equity	Stockholders' equity	530,762	442,847
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	<u>\$636,129</u>	<u>\$547,956</u>

CONDENSED STATEMENTS OF INCOME

	<u>Year Ended December 31,</u>		
	2023	2022	2021
Income:			
Dividends from:			
Bank subsidiary	\$ 22,295	\$ 21,225	\$ 22,165
Non-bank subsidiaries	1,325	1,431	1,700
Other	240	198	210
Total income	<u>23,860</u>	<u>22,854</u>	<u>24,075</u>
Expenses	(7,084)	(6,112)	(6,657)
Income before income taxes and equity in undistributed net income of subsidiaries:			
Change in net unrealized holdings gains (losses) on equity securities not held for trading	16,776	16,742	17,418
Income tax benefit	(722)	(132)	121
Equity in undistributed net income of bank subsidiary	1,606	1,422	1,381
Equity in undistributed (distributions in excess) of net income of non-bank subsidiaries	38,702	43,846	37,178
Net income	1,658	1,310	1,609
Dividends on preferred stock	58,020	63,188	57,707
Net income available to common stockholders	(4,302)	(4,302)	(4,302)
Comprehensive income attributable to the parent	<u>\$ 53,718</u>	<u>\$ 58,886</u>	<u>\$ 53,405</u>
	\$ 58,020	\$ 63,188	\$ 58,008

CONDENSED STATEMENTS OF INCOME

	<u>Year Ended December 31,</u>		
	2022	2021	2020
Income:			
Dividends from:			
Bank subsidiary	\$ 21,225	\$ 22,165	\$ 16,702
Non-bank subsidiaries	1,431	1,700	10,350
Other	198	210	216
Total income	<u>22,854</u>	<u>24,075</u>	<u>27,268</u>
Expenses	(6,112)	(6,657)	(6,838)
Income before income taxes and equity in undistributed net income of subsidiaries:			
Change in net unrealized holdings gains (losses) on equity securities not held for trading	16,742	17,418	20,430
Income tax benefit	(132)	121	(31)
Equity in undistributed net income of bank subsidiary	1,422	1,381	1,306
Equity in undistributed (distributions in excess) of net income of non-bank subsidiaries	43,846	37,178	18,197
Net income	1,310	1,609	(7,159)
Dividends on preferred stock	63,188	57,707	32,743
Net income available to common stockholders	(4,302)	(4,302)	(1,147)
	<u>\$ 58,886</u>	<u>\$ 53,405</u>	<u>\$ 31,596</u>

Comprehensive income attributable to the parent			\$	63,613	\$	58,008	\$	32,519
CONDENSED STATEMENTS OF CASH FLOWS								
CONDENSED STATEMENTS OF CASH FLOWS								
OF CASH FLOWS	OF CASH FLOWS	<u>Year Ended December 31,</u>				<u>Year Ended December 31,</u>		
		2022	2021	2020		2023	2022	2021
Net income	Net income							
Adjustments to reconcile net income to net cash provided by	Adjustments to reconcile net income to net cash provided by							
Operating activities:	Operating activities:							
Equity in undistributed net income of bank subsidiary	Equity in undistributed net income of bank subsidiary	(43,846)	(37,178)	(18,197)				
Equity in undistributed net income of bank subsidiary	Equity in undistributed net income of bank subsidiary							
(Equity in undistributed) distributions in excess of net income of non-bank subsidiaries	(Equity in undistributed) distributions in excess of net income of non-bank subsidiaries	(1,310)	(1,609)	7,159				
Net unrealized (gains) losses on equity securities	Net unrealized (gains) losses on equity securities	132	(121)	31				
Net realized and unrealized (gains) losses on equity securities	Net realized and unrealized (gains) losses on equity securities							
Decrease in other assets	Decrease in other assets	609	60	21				
Increase in other liabilities	Increase in other liabilities	1,571	978	1,091				
Net cash provided by operating activities	Net cash provided by operating activities	20,344	19,837	22,848				
Cash flows from investing activities								

Cash flows from investing activities:			
Purchase of equity securities	Purchase of equity securities	(32)	— (2,000)
Purchase of equity securities			
Sales and maturities of equity securities with readily determinable fair value			
Outlays for business acquisition		—	— (16,126)
Investment in bank subsidiaries			
Investment in bank subsidiaries			
Investment in bank subsidiaries	Investment in bank subsidiaries	—	— (41,500)
Net cash used in investing activities	Net cash used in investing activities	(32)	— (59,626)
Cash flows from financing activities:	Cash flows from financing activities:		
Dividends paid on common stock			
Dividends paid on common stock			
Dividends paid on common stock	Dividends paid on common stock	(12,557)	(11,550) (10,981)
Dividends paid on preferred stock	Dividends paid on preferred stock	(4,302)	(4,302) (1,147)
Proceeds from issuance of long term debt	Proceeds from issuance of long term debt	—	83,484 —
Repayment of long term debt	Repayment of long term debt	—	(50,000) —
Purchase of treasury stock	Purchase of treasury stock	(1,707)	(1,163) (1,307)
Net proceeds from the issuance of preferred stock		—	— 57,785

Net proceeds from issuance of common stock	Net proceeds from issuance of common stock	94,051	—	3,257
Net advance to subsidiary	—	—	(850)	
Net proceeds from issuance of common stock				
Net proceeds from issuance of common stock				
Net cash provided by financing activities	Net cash provided by financing activities	75,485	16,469	46,757
Net increase in cash	95,797	36,306	9,979	
Net cash provided by financing activities				
Net cash provided by financing activities				
Net (decrease) increase in cash				
Cash beginning of year	Cash beginning of year	47,035	10,729	750
Cash end of year	Cash end of year	\$142,832	\$47,035	\$10,729

22.20. Earnings Per Share

The computation of basic and diluted earnings per common share is shown below. There were no anti-dilutive stock options for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021.

		Years Ended December 31,			Years Ended December 31,		2021
		2022	2021	2020	2023	2022	
Basic earnings per common share	Basic computation						
Net income per consolidated statements of income	Net income per consolidated statements of income						
Net income per consolidated statements of income	Net income per consolidated statements of income	\$58,886	\$53,405	\$31,596			
Net earnings allocated to participating securities	Net earnings allocated to participating securities	(229)	(183)	(100)			

Net	Net			
earnings	earnings			
allocated to	allocated to			
common	common			
stock	stock	\$58,657	\$53,222	\$31,496
Distributed	Distributed			
earnings	earnings			
allocated to	allocated to			
common	common			
stock	stock	\$12,508	\$11,514	\$10,942
Undistributed	Undistributed			
earnings	earnings			
allocated to	allocated to			
common	common			
stock	stock	46,149	41,708	20,554
Net	Net			
earnings	earnings			
allocated to	allocated to			
common	common			
stock	stock	\$58,657	\$53,222	\$31,496
Weighted	Weighted			
average	average			
common	common			
shares	shares			
outstanding,	outstanding,			
including	including			
shares	shares			
considered	considered			
participating	participating			
securities	securities	18,057	16,875	16,048
Less:	Less:			
Average	Average			
participating	participating			
securities	securities	(70)	(55)	(48)
Weighted	Weighted			
average	average			
shares	shares	17,987	16,820	16,000
Basic	Basic			
earnings	earnings			
per	per			
common	common			
share	share	\$ 3.26	\$ 3.16	\$ 1.97
Diluted	Diluted			
earnings per	earnings per			
common	common			
share	share			
computation	computation			
Net earnings	Net earnings			
allocated to	allocated to			
common	common			
stock	stock	\$58,657	\$53,222	\$31,496
Net earnings allocated to common stock				
Net earnings allocated to common stock				

Weighted	Weighted	=====	=====	=====
average	average			
common	common			
shares	shares			
outstanding	outstanding			
for basic	for basic			
earnings per	earnings per			
common	common			
share	share	17,987	16,820	16,000
Add: Dilutive	Add: Dilutive			
effects of	effects of			
performance	performance			
based-	based-			
shares	shares	33	—	—
Weighted	Weighted			
average	average			
shares and	shares and			
dilutive	dilutive			
potential	potential			
common	common			
shares	shares	18,020	16,820	16,000
Diluted	Diluted	=====	=====	=====
earnings	earnings			
per	per			
common	common			
share	share	\$ 3.26	\$ 3.16	\$ 1.97

23.21. Other Comprehensive Income

Other comprehensive income components and related tax effects were as follows for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020; 2021:

	December 31, 2022		December 31, 2021	December 31, 2020	
	December 31, 2023			December 31, 2022	December 31, 2021
Unrealized holding gains (losses) on available-for-sale securities	Unrealized holding gains (losses) on available-for-sale securities				
Less reclassification adjustment for gains recognized in earnings	Less reclassification adjustment for gains recognized in earnings				
Net unrealized gains (losses)	Net unrealized gains (losses)	(67,167)	(19,526)	\$ 12,494	
Tax effect	Tax effect	14,242	4,265	(2,164)	
Net-of-tax amount	Net-of-tax amount	(53,576)	(16,044)	8,140	
Amortization of unrealized gains from held-to-maturity securities	Amortization of unrealized gains from held-to-maturity securities	1,107	—	—	
Amortization of unrealized gains from held-to-maturity securities	Amortization of unrealized gains from held-to-maturity securities				

Tax effect	Tax effect	(232)	—	—
Net-of-tax amount	Net-of-tax amount	875	—	—
Actuarial gain (loss) on postemployment health care plan		303	391	277
Actuarial gains (losses) on postemployment health care plan				
Net amortization of transition obligation and actuarial gain	Net amortization of transition obligation and actuarial gain	(113)	(43)	—
Net unrealized gain (loss) on postemployment health care plan		190	348	277
Net unrealized gains (losses) on postemployment health care plan				
Tax effect	Tax effect	(40)	(73)	(58)
Net-of-tax amount	Net-of-tax amount	150	275	219
Unrealized gain (loss) on interest rate swap		411	105	(508)
Less reclassification adjustment for losses recognized in earnings		127	276	224
Net unrealized gain (loss)		538	381	(284)
Unrealized gains on interest rate swap				
Less reclassification adjustment for gains (losses) recognized in earnings				
Net unrealized gains (losses)				
Tax effect	Tax effect	(113)	(80)	60
Net-of-tax amount	Net-of-tax amount	425	301	(224)
Other comprehensive income (loss)	Other comprehensive income (loss)	\$ (52,126)	\$ (15,468)	\$ 8,135

The following is a summary of the change in the accumulated other comprehensive income (loss) balance, net of tax, for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020.2021.

		Balance 12/31/21	Comprehensive Income (Loss)	Balance 12/31/22
Unrealized gains (losses) on securities available-for-sale		\$ (706)	\$ (53,576)	\$ (54,282)
Amortization of unrealized gains from held-to-maturity securities		—	875	875
Unrealized gain on postretirement benefits plan		618	150	768
Unrealized loss on interest rate swap		(306)	425	119

Total	\$ (394)	\$ (52,126)	\$ (52,520)
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	Balance December 31, 2022	Comprehensive Income (Loss)	Balance December 31, 2023
Unrealized gains on securities available-for-sale	\$ (54,282)	\$ 6,109	\$ (48,173)
Amortization of unrealized gains from held-to-maturity securities	875	591	1,466
Unrealized gains (losses) on postretirement benefits plan	768	(139)	629
Unrealized gains (losses) on interest rate swap	119	(119)	—
Total	\$ (52,520)	\$ 6,442	\$ (46,078)

	Balance 12/31/20	Comprehensive Income (Loss)	Balance 12/31/21
Unrealized gains on securities available-for-sale	\$ 15,338	\$ (16,044)	\$ (706)
Unrealized gain on postretirement benefits plan	343	275	618
Unrealized loss on interest rate swap	(607)	301	(306)
Total	\$ 15,074	\$ (15,468)	\$ (394)

	Balance December 31, 2021	Comprehensive Income (Loss)	Balance December 31, 2022
Unrealized losses on securities available-for-sale	\$ (706)	\$ (53,576)	\$ (54,282)
Amortization of unrealized gains from held-to-maturity securities	—	875	875
Unrealized gains on postretirement benefits plan	618	150	768
Unrealized gains (losses) on interest rate swap	(306)	425	119
Total	\$ (394)	\$ (52,126)	\$ (52,520)

	Balance 1/1/20	Comprehensive Income (Loss)	Balance 12/31/20
Unrealized gains (losses) on securities available-for-sale	\$ 7,198	\$ 8,140	\$ 15,338
Unrealized gain (loss) on postretirement benefits plan	124	219	343
Unrealized loss on interest rate swap	(383)	(224)	(607)
Total	\$ 6,939	\$ 8,135	\$ 15,074

24. Revenue from Contracts with Customers

All of the Corporation's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Corporation's sources of Non-Interest Income for the years ended December 31, 2022, 2021 and 2020. Items outside the scope of ASC 606 are noted as such.

	December 31, 2022	December 31, 2021	December 31, 2020
Non-interest Income			
Service charges on deposit accounts	\$ 7,206	\$ 6,195	\$ 5,095
Wealth and asset management fees	7,172	6,740	5,497
Mortgage banking ⁽¹⁾	1,237	3,147	3,354
Card processing and interchange income	7,797	7,796	5,727
Net realized gains on available-for-sale securities ⁽¹⁾	651	783	2,190
Other income	10,703	8,773	6,196
Total non-interest income	\$ 34,766	\$ 33,434	\$ 28,059

⁽¹⁾Not within scope of ASC 606

Management determined that the primary sources of revenue emanating from interest and dividend income on loans and investment securities along with non-interest revenue resulting from security gains, loan servicing, gains on the sale of loans, commitment fees, fees from financial guarantees, certain credit card fees, gains (losses) on sale of other real

estate owned not financed by the Corporation, is not within the scope of ASU 2014-9.

The types of non-interest income within the scope of the standard that are material to the consolidated financial statements are services charges on deposit accounts, wealth and asset management fee income, card processing and interchange income, and other income.

Service charges on deposit accounts: The Corporation earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed, as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Services charges on deposits are withdrawn from the customer's account balance.

Wealth and asset management fees: The Corporation earns wealth and asset management fees from its contracts with trust and brokerage customers to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Corporation provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of assets under management at month end. Fees for these services are billed to customers on a monthly or quarterly basis and are recorded as revenue at the end of the period for which the wealth and asset management services have been performed. Other performance obligations, such as the delivery of account statements to customers, are generally considered immaterial to the overall transaction price.

Card processing and interchange income: The Corporation earns interchange fees from check card and credit card transactions conducted through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Other income: The Corporation's other income includes sources such as bank owned life insurance, changes in fair value and realized gains on sales of equity securities, certain service fees, gains (losses) on sales of fixed assets, and gains (losses) on sale of other real estate owned. The service fees are recognized in the same manner as the service charges mentioned above. While gains (losses) on the sale of other real estate owned are within the scope of ASU 2014-9 if financed by the Corporation, the Corporation does not finance the sale of transactions. The revenue on the sale is recorded upon the transfer of control of the property to the buyer and the other real estate owned asset is derecognized.

25. Subsequent Events

Subsequent to December 31, 2022, on February 17, 2023, the Corporation purchased 100,000 shares with an average price paid, including commissions, of \$24.05.

	Balance January 1, 2021	Comprehensive Income (Loss)	Balance December 31, 2021
Unrealized gains (losses) on securities available-for-sale	\$ 15,338	\$ (16,044)	\$ (706)
Unrealized gains on postretirement benefits plan	343	275	618
Unrealized gains (losses) on interest rate swap	(607)	301	(306)
Total	\$ 15,074	\$ (15,468)	\$ (394)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On March 4, 2022, the Corporation's Audit Committee dismissed Crowe LLP ("Crowe") as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2022, and all quarterly periods therein. The Corporation's Audit Committee participated in and approved the decision to change its independent registered public accounting firm.

The audit reports of Crowe on the consolidated financial statements of the Corporation and its subsidiaries as of and for the years ended December 31, 2021 and 2020 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through March 3, 2022, there were no: (1) disagreements (as that term is used in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with Crowe on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference to the subject matter of the disagreements in connection with their reports, or (2) reportable events (as described in Item 304(a)(1)(v) of Regulation S-K).

Also, on March 4, 2022, the Corporation engaged FORVIS, LLP (formerly known as BKD, LLP) ("FORVIS") as the Corporation's independent registered public accounting firm starting with the fiscal year ending December 31, 2022. The engagement was approved by the Corporation's Audit Committee. During the fiscal years ended December 31, 2021 and 2020, and through March 3, 2022, the Corporation did not consult with FORVIS with respect to (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might have been rendered on the Corporation's consolidated financial statements, or (2) any matters that were either the

subject of a disagreement (as that term is used in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K). **None.**

ITEM 9A. CONTROLS AND PROCEDURES

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

Management's Report on Internal Control Over Financial Reporting

The management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Corporation's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the U.S.

The Corporation's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 Internal Control-Integrated Framework. Based on our assessment and those criteria, management concluded that the Corporation maintained effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**. The effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023** has been audited by FORVIS, LLP, **(formerly known as BKD, LLP)**, an independent registered public accounting firm that audited the Corporation's financial statements, as stated in their report which is located in Item 8 of this Annual Report on Form 10-K.

/s/ Michael D. Peduzzi

President and Chief Executive Officer

Date: **March 3, 2023** **March 7, 2024**

/s/ Tito L. Lima

Treasurer and Principal Financial Officer

Date: **March 3, 2023** **March 7, 2024**

ITEM 9B. OTHER INFORMATION

None. During the three months ended December 31, 2023, no director or officer of the Corporation, nor the Corporation itself, adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated herein by reference from our definitive Proxy Statement for our **2023** **2024** Annual Meeting of Stockholders (the **2023** **2024** "Proxy Statement"), which we will file with the SEC on or before 120 days after our **2022** **2023** fiscal year-end, and which will appear in the **2023** **2024** Proxy Statement under the captions "Proposal 1. Election of Directors," "Executive Officers," "Corporate Governance – Meetings and Committees of the Board of Directors – Audit Committee," "Certain Transactions" and "Other Matters – Delinquent Section 16(a) Reports."

The Corporation's Board of Directors has approved a Code of Ethics for Officers and Directors. The Code of Ethics can be found at the Bank's website, www.cnbbank.bank.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item 11 is incorporated herein by reference from the **2023** **2024** Proxy Statement, including the information in the **2023** **2024** Proxy Statement appearing under the captions "Compensation Discussion and Analysis," "Compensation of Executive Officers," "Compensation Committee Report" and "Compensation of Directors."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item 12 is incorporated herein by reference from the **2023** **2024** Proxy Statement, including the information in the **2023** **2024** Proxy Statement appearing under the captions "Stock Ownership" and "Compensation of Executive Officers – Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item 13 is incorporated herein by reference from the **2023** **2024** Proxy Statement, including the information in the **2023** **2024** Proxy Statement appearing under the captions "Proposal 1. Election of Directors," "Corporate Governance" and "Certain Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item 14 is incorporated herein by reference from the **2023** **2024** Proxy Statement, including the information in the **2023** **2024** Proxy Statement appearing under the captions "Corporate Governance – Meetings and Committees of the Board of Directors – Audit Committee," "Proposal No. **3****:4** Ratification of the Appointment of Independent Registered Public Accounting Firm" and "Concerning the Independent Registered Public Accounting Firm."

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements are set forth in Part II, Item 8:

Report of Independent Registered Public Accounting Firm

FORVIS, LLP, Indianapolis, IN, (U.S. PCAOB Auditor Firm I.D.: 686);

Crowe LLP, Columbus, OH, (U.S. PCAOB Auditor Firm I.D.: 173)

Consolidated Balance Sheets as of **December 31, 2022** **December 31, 2023** and **2021** **2022**

Consolidated Statements of Income and Comprehensive Income for the years ended **December 31, 2022** **December 31, 2023**, **2021**, **2022**, and **2020** **2021**

Consolidated Statements of Cash Flows for the years ended **December 31, 2022** **December 31, 2023**, **2021**, **2022**, and **2020** **2021**

Consolidated Statements of Changes in Shareholders' Equity for the years ended **December 31, 2022** **December 31, 2023**, **2021**, **2022**, and **2020** **2021**

Notes to Consolidated Financial Statements

(a)(2) Financial statement schedules are not applicable or are included in the consolidated financial statements or related notes.

(a)(3) The following exhibits are filed as a part of this report:

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation of CNB Financial Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
3.2	Second Amended and Restated Bylaws of CNB Financial Corporation (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
3.3	Statement with Respect to Shares of 7.125% Series A Fixed-Rate Non-Cumulative Perpetual Preferred Stock, effective as of August 25, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.1	Description of Registrant's Securities (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on March 3, 2022)
4.2	Form of Certificate representing the 7.125% Series A Fixed-Rated Non-Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.3	Deposit Agreement, dated August 25, 2020, among CNB Financial Corporation, American Stock Transfer & Trust Company, LLC, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.4	Form of Depositary Receipt representing the Depositary Shares (included as Exhibit A to Exhibit 4.3 of the Registration Statement on Form 8-A filed on August 25, 2020)
4.5	Form of 3.25% Fixed-to-Floating Rate Subordinated Note due 2031 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2021)
10.1 ⁽¹⁾	CNB Financial Corporation 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
10.2 ⁽¹⁾	Form of CNB Financial Corporation 2019 Omnibus Incentive Plan Restricted Stock Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.3 ⁽¹⁾	Form of CNB Financial Corporation 2019 Omnibus Incentive Plan Performance Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

Exhibit No.	Description
10.4 ⁽¹⁾	Executive Employment Agreement dated October 24, 2019 by and among CNB Financial Corporation, CNB Bank and Joseph B. Bower Jr. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 25, 2019)

Exhibit No.	Description
10.5 ⁽¹⁾	Executive Employment Contract, dated February 8, 2012, by and between CNB Bank and Richard L. Greslick, Jr. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 9,

2012)

10.6**10.6**⁽¹⁾ Letter Agreement, dated April 4, 2022, by and between CNB, CNB Bank and Joseph E. Dell, Jr. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 4, 2022)

10.7**10.7**⁽¹⁾ Executive Employment Agreement, dated March 23, 2020, by and between CNB Financial Corporation, CNB Bank and Tito L. Lima (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 24, 2020)

10.8**10.8**⁽¹⁾ Executive Employment Agreement, dated August 30, 2021, by and between CNB Financial Corporation, CNB Bank and Martin T. Griffith (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 3, 2021)

10.9**10.9**⁽¹⁾ Executive Employment Agreement, dated **October** 22, **2021** **November** 27, 2023, by and between CNB Financial Corporation, CNB Bank and Michael Peduzzi (incorporated by reference to Exhibit **99.1****10.1** to the Registrant's Current Report on Form 8-K filed on **April** 25, **2021** **November** 30, 2023)

10.10**10.10**⁽¹⁾ Executive Employment Contract, dated October 7, 2015, by and between CNB Bank and Leanne D. Kassab (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

10.11 **10.11**⁽¹⁾ Executive Salary Continuation Plan Agreement, by and between CNB Bank and Joseph B. Bower, Jr., amended and restated, effective as of January 1, 2013 (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

10.12 **10.12**⁽¹⁾ Executive Salary Continuation Plan Agreement, by and between CNB Bank and Richard L. Greslick, Jr., effective as of January 1, 2013 (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

10.13 **10.13**⁽¹⁾ Supplemental Executive Retirement Plan for Michael D. Peduzzi, effective as of January 1, 2022 (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

10.14 **10.14** Form of Subordinated Note Purchase Agreement, dated June 3, 2021, by and among CNB Financial Corporation and the Purchasers identified therein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2021)

10.15 **10.15**⁽¹⁾ Defined Contribution Plan for Tito L. Lima, effective as of January 2, 2022 (incorporated by reference to Exhibit 10.1 to the **Registration's Registrant's** Current Report on Form 8-K filed on January 4, 2022)

10.16 **10.16**⁽¹⁾ Defined Contribution Plan for Leanne Kassab, effective as of January 1, 2022 (incorporated by reference to Exhibit 10.16 to the Registrant's Annual

to the Registrant's Annual
Report on Form 10-K filed
on March 3, 2023)

10.17 **10.17**⁽¹⁾ Executive Deferred
Compensation Plan, amended and restated, effective as of January 1, 2005 (incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

10.18 **10.18**⁽¹⁾ Executive Deferred Compensation Plan Amendment No. 1, dated as of January 19, 2015 (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

10.19⁽¹⁾ Amendment No. 1 to Defined Contribution Plan for Tito L. Lima (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)

Exhibit No.	Description
10.20⁽¹⁾	Amendment No. 1 to Defined Contribution Plan for Leanne Kassab (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.21⁽¹⁾	Amendment No. 1 to Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.22⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Michael D. Peduzzi (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.23⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Tito L. Lima (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.24⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Leanne Kassab (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.25⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Martin Griffith (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.26⁽¹⁾	Amendment No. 1 to Executive Salary Continuation Plan Agreement for Richard L. Greslick (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
21	List of subsidiaries of CNB Financial Corporation (incorporated by reference to Exhibit 21 to the Registrant's Annual Report on Form 10-K filed herewith on March 3, 2023)
23.1	Consent of FORVIS, LLP
23.2	Consent of Crowe LLP
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit No.	Description
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Presentation Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit No.	Description
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

(a) Indicates a management contract or compensatory plan.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CNB FINANCIAL CORPORATION
(Registrant)

Date: March 3, 2023 March 7, 2024

By: /s/ Michael D. Peduzzi
MICHAEL D. PEDUZZI
President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 3, 2023 March 7, 2024.

/s/ Michael D. Peduzzi

MICHAEL D. PEDUZZI

President and Director

(Principal Executive Officer)

/s/ Richard L. Greslick, Jr.

RICHARD L. GRESLICK, JR.

Secretary and Director

/s/ Tito L. Lima

TITO L. LIMA

Treasurer

(Principal Financial and Accounting Officer)

/s/ N. Michael Obi

N. MICHAEL OBI, Director

/s/ Joel E. Peterson

JOEL E. PETERSON, Director

/s/ Deborah Dick Pontzer

DEBORAH DICK PONTZER, Director

/s/ Jeffrey S. Powell Peter F. Smith

JEFFREY S. POWELL, PETER F. SMITH, Director

/s/ Nicholas N. Scott

NICHOLAS N. SCOTT, Director

/s/ Peter F. Smith Jeffrey S. Powell

PETER F. SMITH, Chairman JEFFREY S. POWELL, Chairperson

/s/ Richard B. Seager

RICHARD B. SEAGER, Director

/s/ Francis X. Straub, III

FRANCIS X. STRAUB, III, Director

/s/ Peter C. Varischetti

PETER C. VARISCHETTI, Director

/s/ Julie M. Young

JULIE M. YOUNG, Director

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CNB FINANCIAL CORPORATION 2019 OMNIBUS INCENTIVE PLAN RESTRICTED STOCK AGREEMENT COVER SHEET CNB Financial Corporation, a Pennsylvania corporation (the "Company"), hereby grants (the "Grant") shares of its common stock, no par value per share (the "Stock"), to the Grantee named below, subject to the vesting and other conditions set forth below. Additional terms and conditions of the Grant are set forth in this cover sheet and in the attached Restricted Stock Agreement (collectively, the "Agreement"), in the Company's 2019 Omnibus Incentive Plan (as amended from time to time, the "Plan"), and in any written employment or other written compensatory agreement between you and the Company or any Affiliate (if any, the "Employment Agreement"). Grantee's Name: Grant Date: Number of Shares of Stock Covered by the Grant: Purchase Price per Share of Stock: Vesting Start Date: Vesting Schedule: 3-year Subject to your continued Service through each of the applicable vesting dates, one-third (1/3) of the shares of Stock subject to this Grant shall vest on each of the first (1st), second (2nd), and third (3rd) anniversaries of the Vesting Start Date. By your signature below, you agree to all of the terms and conditions described in the Agreement and in the Plan, a copy of which has been made available to you. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the Plan. Grantee: Date: (Signature) Company: Date: (Signature) Name: Title: Exhibit 10.2

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CNB FINANCIAL CORPORATION 2019 OMNIBUS INCENTIVE PLAN RESTRICTED STOCK AGREEMENT

Restricted Stock This Grant is an award of Stock in the number of shares set forth on the cover sheet of this Agreement, at the purchase price set forth on the cover sheet of this Agreement, and subject to the vesting and other conditions set forth in this Agreement and in the Plan (the "Restricted Stock"). The purchase price, if any, is deemed paid by your prior services to the Company and its Affiliates. Nontransferability To the extent not yet vested, your shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered, whether by operation of law or otherwise, nor may the shares of Restricted Stock be made subject to execution, attachment, or similar process. If you attempt to do any of these things, you will immediately and automatically forfeit your shares of Restricted Stock. Vesting The Company will issue your Restricted Stock in your name as of the Grant Date set forth on the cover sheet of this Agreement. Your Restricted Stock will vest in accordance with the vesting schedule shown on the cover sheet, so long as you continue in Service on each applicable vesting date set forth on the cover sheet (each vesting date, a "Vesting Date"). Fractional shares shall be rounded down to the nearest whole share but, if applicable, shall be rounded up or down on the last applicable Vesting Date so that you are eligible to vest in the total number of shares of Stock covered by the Grant; provided, you may not vest in more than the number of shares of Stock covered by the Grant, as set forth on the cover sheet of this Agreement. Trading Restrictions If you are subject to any Company "blackout" policy or other trading restriction imposed by the Company (a "Restricted Period") on an applicable Vesting Date, any vesting scheduled to occur on such date shall occur instead on the first subsequent date on which you are not subject to any such policy or restriction. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct by you. Forfeiture of Unvested Stock Unless the termination of your Service triggers accelerated vesting or other treatment of your Grant pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or Affiliate and you (including your Employment Agreement), in the event that your Service terminates for any reason, you will forfeit to the Company all of the shares of Restricted Stock subject to this Grant that have not yet vested or with respect to which all applicable restrictions and conditions have not lapsed.



Leaves of Absence For purposes of this Agreement, your Service does not terminate when you go on a bona fide employee leave of absence that was approved by the Company or an Affiliate in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, your Service will be treated as terminating ninety (90) days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work. The Company determines, in its sole discretion, which leaves count for this purpose and when your Service terminates for all purposes under the Plan. Vesting upon Termination of Employment/Death/Disability/Retirement/Termination without Cause or for Good Reason. If your Service terminates prior to the last Vesting Date for your Restricted Stock because of your death, Disability, Retirement (as defined below), your involuntary termination of employment by the Company without Cause, or your voluntary termination for Good Reason (as defined below), then 100% of your then-unvested shares of Restricted Stock will vest on the effective date of your termination. Other Termination of Employment. If, before the last Vesting Date for your Restricted Stock, you incur a termination of employment for any reason other than those specified above, whether voluntary or involuntary and prior to a Change in Control, you will forfeit all rights to receive any distribution of Restricted Stock. Definitions of Retirement and Good Reason For purposes of this Agreement, the following definitions will apply: (i) "Retirement" means termination of employment with the consent of the Company on or after the "normal retirement age" defined in any tax-qualified retirement plan maintained by the Company. (ii) "Good Reason" means the occurrence of either of the following circumstances, without your express written consent: (A) a material diminution in your base salary; or (B) a material diminution in your authority, duties, or responsibilities. Notwithstanding the foregoing, a resignation will not be considered to have been on account of Good Reason unless: (1) you provide the Company not less than 30 days' advance notice in writing within 90 days of the initial occurrence of the condition that is the basis for such Good Reason and the Company does not correct the condition in the 30-day period; and (2) you resign no later than 60 days after the Company's time period for correcting the condition has expired. Change in Control In the event of the consummation of a Change in Control prior to the last Vesting Date and subject to your continued Service through the effective time of the consummation of such Change in Control, then 100% of your then- unvested shares of Restricted Stock will vest as of immediately prior to the consummation of such Change in Control.

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Issuance The issuance of the shares of Restricted Stock and shares of Stock under this Grant will be evidenced in such a manner as the Company, in its discretion, will deem appropriate, including, without limitation, book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates. As your interest in the Restricted Stock vests, the recordation of the number of shares of Restricted Stock and shares of Stock attributable to you will be appropriately modified. If and to the extent that the shares of Restricted Stock are represented by share certificates rather than book entry, all certificates representing the shares of Restricted Stock issued under this Agreement shall, where applicable, have endorsed appropriate legends. Withholding Taxes You agree, as a condition of this Grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the payment of dividends on or the vesting of shares of Restricted Stock or otherwise relating to this Grant. In the event that the Company or any Affiliate determines that any federal, state, local, or foreign tax or withholding payment is required relating to this Grant, the Company or any Affiliate will have the right to require such payments from you or withhold such amounts from other payments due to you from the Company or any Affiliate. To satisfy this withholding obligation, the Company may provide you with the opportunity, in its discretion, to have the Company withhold shares of Stock otherwise issuable to you or by delivering to the Company shares of Stock already owned by you. If the Company provides you with the foregoing opportunity and you fail to make an election to do either, the Company may determine what method to use, including by withholding shares of Stock otherwise issuable to you. The shares of Stock so delivered or withheld must have an aggregate Fair Market Value equal to the withholding obligation and may not be subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. Section 83(b) Election Under Section 83 of the Code, the difference between the purchase price paid for the shares of Stock and their Fair Market Value on the date any forfeiture restrictions applicable to such shares lapse will be reportable as ordinary income at that time. For this purpose, "forfeiture restrictions" include the forfeiture as to unvested Stock described above. You may elect to be taxed at the time the shares of Restricted Stock are acquired, rather than when such shares cease to be subject to such forfeiture restrictions, by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days after the Grant Date. You will have to make a tax payment to the extent the purchase price is less than the Fair Market Value of the shares on the Grant Date. No tax payment will have to be made to the extent the purchase price is at least equal to the Fair Market Value of the shares on the Grant Date. The form for making this election is attached as Exhibit A hereto. Failure to make this filing within the thirty (30)-day period will result in the recognition of ordinary income by you (in the event the Fair Market Value of the shares as of the Vesting Date exceeds the purchase price) as the forfeiture restrictions lapse. YOU ACKNOWLEDGE THAT IT IS YOUR SOLE RESPONSIBILITY, AND NOT THE COMPANY'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(b), EVEN IF YOU REQUEST THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON YOUR BEHALF. YOU ARE RELYING SOLELY ON YOUR OWN ADVISORS WITH RESPECT TO THE DECISION AS TO WHETHER OR NOT TO FILE ANY CODE SECTION 83(b) ELECTION.



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Retention Rights This Agreement and the Grant do not give you the right to be retained or employed by the Company or any Affiliate in any capacity. Unless otherwise specified in an employment or other written agreement between the Company or any Affiliate and you (including your Employment Agreement), the Company and any Affiliate reserve the right to terminate your Service at any time and for any reason. Stockholder Rights You have the right to vote the shares of Restricted Stock and to receive any dividends declared or paid with respect to such shares of Restricted Stock. Any distributions you receive as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be deemed to be a part of the Restricted Stock and subject to the same conditions and restrictions applicable thereto. No adjustments are made for dividends, distributions, or other rights if the applicable record date occurs before your certificate is issued (or an appropriate book entry is made), except as described in the Plan. Your Restricted Stock will be subject to the terms of any applicable agreement of merger, liquidation, or reorganization in the event the Company is subject to such corporate activity.



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Forfeiture of Rights Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, if you should take actions in competition with the Company, or violate the non-solicitation covenant below, the Company shall have the right to cause a forfeiture of your unvested shares of Restricted Stock, and with respect to those shares of Restricted Stock vesting during the period commencing twelve (12) months prior to your termination of Service with the Company, the right to cause a forfeiture of those vested shares of Stock. Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in competition with the Company if, during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly, own, manage, operate, join, or control, or participate in the ownership, management, operation, or control of, or are a proprietor, director, officer, stockholder, member, partner, or an employee or agent of, or a consultant to any business, firm, Company, partnership, or other entity which competes with any business in which the Company or any of its Affiliates is engaged during your employment or other relationship with the Company or its Affiliates or at the time of your termination of Service. Under the prior sentence, ownership of less than one percent (1%) of the securities of a public company shall not be treated as an action in competition with the Company. If the meaning of competition set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control. Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in violation of the non-solicitation covenant during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly solicit, hire, induce, entice or encourage any employee of the Company or any of its Affiliates to render services for any other person, firm, entity or corporation or, except in the performance of your duties for the Company or its Affiliates, to terminate his or her employment with the Company or any of its Affiliates. If the meaning of violating the non-solicitation covenant set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control. **Clawback** This Grant is subject to mandatory repayment by you to the Company to the extent you are or in the future become subject to (i) any Company "clawback" or recoupment policy or (ii) any law, rule, or regulation that requires the repayment by you to the Company of compensation paid by the Company to you in the event that you fail to comply with, or violate, the terms or requirements of such policy or law, rule, or regulation. If the Company is required to prepare an accounting restatement due to (i) the material noncompliance of the Company with any financial reporting requirement under the securities laws or (ii) your misconduct (a "Triggering Event"), you will reimburse the Company the amount of any payment in settlement of this Grant earned or accrued during the three-year (3-year) period preceding the Triggering Event. **Applicable Law** This Agreement will be interpreted and enforced under the laws of the Commonwealth of Pennsylvania, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.



The Plan The text of the Plan is incorporated into the Agreement by reference. Certain capitalized terms used in the Agreement are defined in the Plan and have the meaning set forth in the Plan. This Agreement, the Plan, and your Employment Agreement constitute the entire understanding between you and the Company regarding this Grant of Restricted Stock. Any prior agreements, commitments, or negotiations concerning this Grant are superseded, except that any written employment, consulting, confidentiality, non-solicitation, and/or severance agreement between you and the Company or any Affiliate will supersede this Agreement with respect to its subject matter. Data Privacy To administer the Plan, the Company may process personal data about you. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you, such as your contact information and payroll information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this Grant, you give explicit consent to the Company to process any such personal data. Consent to Electronic Delivery The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this Grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please contact the Company's Human Resources Department to request paper copies of these documents. Code Section 409A The Grant is intended to be exempt from, or to comply with, Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered to be in compliance with Code Section 409A. Notwithstanding anything to the contrary in the Plan or this Agreement, neither the Company, its Affiliates, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on you under Code Section 409A, and neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee will be liable to you or to your estate or beneficiary by reason of any acceleration of income or any additional tax (including any interest and penalties), asserted by reason of the failure of the grant to satisfy the requirements of Code Section 409A or otherwise asserted with respect to the Grant. By signing the Agreement, you agree to all of the terms and conditions described above and in the Plan.

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CNB FINANCIAL CORPORATION 2019 OMNIBUS INCENTIVE PLAN PERFORMANCE RESTRICTED STOCK AGREEMENT COVER SHEET CNB Financial Corporation, a Pennsylvania corporation (the "Company"), hereby grants (the "Grant") shares of its common stock, no par value per share (the "Stock"), to the Grantee named below, subject to the achievement of performance factors over a performance period and other conditions set forth below. Additional terms and conditions of the Grant are set forth in this cover sheet and in the attached Performance Restricted Stock Agreement (collectively, the "Agreement"), in the Company's 2019 Omnibus Incentive Plan (as amended from time to time, the "Plan"), and in any written employment or other written compensatory agreement between you and the Company or any Affiliate (if any, the "Employment Agreement"). Grantee's Name: Grant Date: Target Number of Shares of Stock Covered by the Grant: Maximum Number of Shares of Stock Covered by the Grant: Purchase Price per Share of Stock: Performance Period: By your signature below, you agree to all of the terms and conditions described in the Agreement and in the Plan, a copy of which has been made available to you. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the Plan. Grantee: Date: (Signature) Company: Date: (Signature) Name: Title: Exhibit 10.3



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CNB FINANCIAL CORPORATION 2019 OMNIBUS INCENTIVE PLAN PERFORMANCE RESTRICTED STOCK AGREEMENT Restricted Stock This Grant is an award of Stock in the number of shares set forth on the cover sheet of this Agreement, at the purchase price set forth on the cover sheet of this Agreement, and subject to the terms and conditions set forth in this Agreement and in the Plan (the "Restricted Stock"). The purchase price, if any, is deemed paid by your prior services to the Company and its Affiliates. Nontransferability To the extent not yet vested, your shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered, whether by operation of law or otherwise, nor may the shares of Restricted Stock be made subject to execution, attachment, or similar process. If you attempt to do any of these things, you will immediately and automatically forfeit your shares of Restricted Stock. Vesting The Company will issue your Restricted Stock in your name as of the Grant Date set forth on the cover sheet of this Agreement. The number of shares of Stock, if any, that are eligible to vest pursuant to the terms of this Agreement (the "Eligible Stock") will be calculated based on the attainment, as determined by the Committee, of the performance factors described in Exhibit A to this Agreement (the "Performance Factors") over the Performance Period set forth on the cover sheet, which number of shares of Eligible Stock may be equal to all or a portion, including none, of the Target Number of Shares of Stock set forth on the cover sheet of this Agreement. Promptly following the completion of the Performance Period (and no later than seventy-five (75) days following the end of the Performance Period), the Committee will review and certify in writing (i) whether, and to what extent, the Performance Factors for the Performance Period have been achieved and (ii) the number of shares of Eligible Stock. Such certification will be final, conclusive, and binding. If the Committee's certification of the Performance Factors produces a fractional share of Eligible Stock, the number of shares of Eligible Stock shall be rounded down to the next whole integer. Your right to the Eligible Stock will vest on the Vesting Date (as defined in Exhibit A to this Agreement), subject to your continued Service through the Vesting Date. Trading Restrictions If you are subject to any Company blackout policy or other trading restriction imposed by the Company (a "Restricted Period") on the Vesting Date, any vesting scheduled to occur on such date shall occur instead on the first subsequent date on which you are not subject to any such policy or restriction. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct by you.



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Forfeiture of Unvested Stock Unless the termination of your Service triggers accelerated vesting or other treatment of your Grant pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or Affiliate and you (including your Employment Agreement), in the event that your Service terminates for any reason, you will forfeit to the Company all of the shares of Restricted Stock subject to this Grant that have not yet vested or with respect to which all applicable restrictions and conditions have not lapsed. Leaves of Absence For purposes of this Agreement, your Service does not terminate when you go on a bona fide employee leave of absence that was approved by the Company or an Affiliate in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, your Service will be treated as terminating ninety (90) days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work. The Company determines, in its sole discretion, which leaves count for this purpose and when your Service terminates for all purposes under the Plan. Issuance The issuance of the shares of Restricted Stock and shares of Stock under this Grant will be evidenced in such a manner as the Company, in its discretion, will deem appropriate, including, without limitation, book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates. As your interest in the Restricted Stock vests, the recordation of the number of shares of Restricted Stock and shares of Stock attributable to you will be appropriately modified. If and to the extent that the shares of Restricted Stock are represented by share certificates rather than book entry, all certificates representing the shares of Restricted Stock issued under this Agreement shall, where applicable, have endorsed appropriate legends. Vesting Upon Termination of Employment Death/Disability/Retirement/Termination without Cause or for Good Reason: If your Service terminates prior to the Vesting Date because of your death, Disability, Retirement (as defined below), your involuntary termination of employment by the Company without Cause, or your voluntary termination for Good Reason (as defined below), then you will vest as of the date of such termination in a pro rata portion of the shares of Eligible Stock measured as of the most recently completed fiscal quarter (that is, the shares of Eligible Stock that would have otherwise been payable to you to the extent the Performance Goals are achieved as described in Exhibit A to this Agreement), with such pro rata portion calculated by multiplying the shares of Eligible Stock by a fraction, the numerator of which equals the number of full months that you were employed during the Performance Period, and the denominator of which equals 36. If the Committee cannot determine the extent to which the Performance Goals have been achieved for the most recently completed fiscal quarter, you will vest in a pro rata portion of the Target Number of Shares of Stock, with such pro rata portion calculated as described above. Other Termination of Employment: If, before the Vesting Date, you incur a termination of employment for any reason other than those specified above, whether voluntary or involuntary and prior to a Change in Control, you will forfeit all rights to receive any distribution of Restricted Stock.



Definitions of Retirement and Good Reason For purposes of this Agreement, the following definitions will apply: (i) "Retirement" means termination of employment with the consent of the Company on or after the "normal retirement age" defined in any tax-qualified retirement plan maintained by the Company. (ii) "Good Reason" means the occurrence of either of the following circumstances, without your express written consent: (A) a material diminution in your base salary; or (B) a material diminution in your authority, duties, or responsibilities. Notwithstanding the foregoing, a resignation will not be considered to have been on account of Good Reason unless: (1) you provide the Company not less than 30 days' advance notice in writing within 90 days of the initial occurrence of the condition that is the basis for such Good Reason and the Company does not correct the condition in the 30-day period; and (2) you resign by no later than 60 days after the Company's time period for correcting the condition has expired. Change in Control In the event of the consummation of a Change in Control during the Performance Period and subject to your continued Service through the effective time of the consummation of such Change in Control, then you will vest, as of immediately prior to the consummation of such Change in Control, in a pro rata portion of the shares of Eligible Stock measured as of the most recently completed fiscal quarter (that is, the shares of Eligible Stock that would have otherwise been payable to you to the extent the Performance Goals are achieved as described in Exhibit A to this Agreement), with such pro rata portion calculated by multiplying the shares of Eligible Stock by a fraction, the numerator of which equals the number of full months during the Performance Period prior to such Change in Control, and the denominator of which equals 36. If the Committee cannot determine the extent to which the Performance Goals have been achieved for the most recently completed fiscal quarter, you will vest in a pro rata portion of the Target Number of Shares of Stock, with such pro rata portion calculated as described above. Withholding Taxes You agree, as a condition of this Grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the payment of dividends on or the vesting of shares of Restricted Stock or otherwise relating to this Grant. In the event that the Company or any Affiliate determines that any federal, state, local, or foreign tax or withholding payment is required relating to this Grant, the Company or any Affiliate will have the right to require such payments from you or withhold such amounts from other payments due to you from the Company or any Affiliate. To satisfy this withholding obligation, the Company may provide you with the opportunity, in its discretion, to have the Company withhold shares of Stock otherwise issuable to you or by delivering to the Company shares of Stock already owned by you. If the Company provides you with the foregoing opportunity and you fail to make an election to do either, the Company may determine what method to use, including by withholding shares of Stock otherwise issuable to you. The shares of Stock so delivered or withheld must have an aggregate Fair Market Value equal to the withholding obligation and may not be subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

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Retention Rights The Agreement and the Grant do not give you the right to be retained or employed by the Company or any Affiliate in any capacity. Unless otherwise specified in an employment or other written agreement between the Company or any Affiliate and you (including your Employment Agreement), the Company and any Affiliate reserve the right to terminate your Service at any time and for any reason. Stockholder Rights You have the right to vote the shares of Restricted Stock and, subject to this provision, to receive any dividends declared or paid with respect to such shares of Restricted Stock. Any distributions you receive as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be deemed to be a part of the Restricted Stock and subject to the same conditions and restrictions applicable thereto. Any cash dividend with respect to the Restricted Stock (including the Eligible Stock) will be subject to the same conditions and restrictions applicable to the Restricted Stock. Any such cash dividends will be accrued from the Grant Date to the date on which the shares of Restricted Stock vest, and such cash dividends will be paid to you as soon as practicable after the date on which your shares of Restricted Stock vest and, in any event, no later than March 15th of the calendar year after your shares of Restricted Stock vest. No adjustments are made for dividends, distributions, or other rights if the applicable record date occurs before your certificate is issued (or an appropriate book entry is made), except as described in the Plan. Your Restricted Stock will be subject to the terms of any applicable agreement of merger, liquidation, or reorganization in the event the Company is subject to such corporate activity.



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Forfeiture of Rights Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, if you should take actions in competition with the Company, or violate the non-solicitation covenant below, the Company shall have the right to cause a forfeiture of your unvested shares of Restricted Stock, and with respect to those shares of Restricted Stock vesting during the period commencing twelve (12) months prior to your termination of Service with the Company, the right to cause a forfeiture of those vested shares of Stock. Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in competition with the Company if, during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly, own, manage, operate, join, or control, or participate in the ownership, management, operation, or control of, or are a proprietor, director, officer, stockholder, member, partner, or an employee or agent of, or a consultant to any business, firm, Company, partnership, or other entity which competes with any business in which the Company or any of its Affiliates is engaged during your employment or other relationship with the Company or its Affiliates or at the time of your termination of Service. Under the prior sentence, ownership of less than one percent (1%) of the securities of a public company shall not be treated as an action in competition with the Company. If the meaning of competition set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control. Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in violation of the non-solicitation covenant during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly solicit, hire, induce, entice or encourage any employee of the Company or any of its Affiliates to render services for any other person, firm, entity or corporation or, except in the performance of your duties for the Company or its Affiliates, to terminate his or her employment with the Company or any of its Affiliates. If the meaning of violating the non-solicitation covenant set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control. Clawback This Grant is subject to mandatory repayment by you to the Company to the extent you are or in the future become subject to (i) any Company "clawback" or recoupment policy or (ii) any law, rule, or regulation that requires the repayment by you to the Company of compensation paid by the Company to you in the event that you fail to comply with, or violate, the terms or requirements of such policy or law, rule, or regulation. If the Company is required to prepare an accounting restatement due to (i) the material noncompliance of the Company with any financial reporting requirement under the securities laws or (ii) your misconduct (a "Triggering Event"), you will reimburse the Company the amount of any payment in settlement of this Grant earned or accrued during the three-year (3-year) period preceding the Triggering Event.



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Applicable Law This Agreement will be interpreted and enforced under the laws of the Commonwealth of Pennsylvania, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The Plan The text of the Plan is incorporated into the Agreement by reference. Certain capitalized terms used in the Agreement are defined in the Plan and have the meaning set forth in the Plan. This Agreement, the Plan, and your Employment Agreement constitute the entire understanding between you and the Company regarding this Grant of Restricted Stock. Any prior agreements, commitments, or negotiations concerning this Grant are superseded, except that any written employment, consulting, confidentiality, non-solicitation, and/or severance agreement between you and the Company or any Affiliate will supersede this Agreement with respect to its subject matter. Data Privacy To administer the Plan, the Company may process personal data about you. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you, such as your contact information and payroll information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this Grant, you give explicit consent to the Company to process any such personal data. Consent to Electronic Delivery The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this Grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please contact the Company's Human Resources Department to request paper copies of these documents. Code Section 409A The Grant is intended to be exempt from, or to comply with, Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered to be in compliance with Code Section 409A. Notwithstanding anything to the contrary in the Plan or this Agreement, neither the Company, its Affiliates, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on you under Code Section 409A, and neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee will be liable to you or to your estate or beneficiary by reason of any acceleration of income or any additional tax (including any interest and penalties), asserted by reason of the failure of the grant to satisfy the requirements of Code Section 409A or otherwise asserted with respect to the Grant. By signing the Agreement, you agree to all of the terms and conditions described above and in the Plan.



EXHIBIT A NUMBER AND VESTING OF ELIGIBLE STOCK The shares of Eligible Stock are subject to both the Performance-Based Vesting Requirements and Time- Based Vesting Requirements set forth below. Performance-Based Vesting Requirements: Promptly following the end of the Performance Period, the Committee will determine your number of shares of Eligible Stock based on the Committee's assessment of the achievement of the following performance factors (together, the "Performance Factors") during the Performance Period: the [EPS Performance Factor] and the [ROAE Performance Factor]. The Committee will assess each of the Performance Factors independently, as outlined below, and thereby determine the [EPS Award] and [ROAE Award]. The sum of the [EPS Award] and [ROAE Award], rounded to the nearest whole share, will determine the number of Actual Performance Shares. In no event may you earn more than the Maximum Number of Shares of Stock as set forth on the cover sheet of the Agreement. Determination of [EPS Award] Half of the Target Number of Shares of Stock is multiplied by the [EPS Performance Factor] to determine your [EPS Award]. The Committee will calculate the [EPS Award] based on the Company's annual cumulative growth rate during the Performance Period ("EPS Growth") relative to the Industry Index (as defined below). The Committee will calculate [EPS Growth] for the Company and for each other company in the Industry Index for the Performance Period by dividing (x) [the sum of the company's diluted earnings per share for each of the years during the

Performance Period] by (y) [the company's diluted earnings per share for the calendar year prior to the Performance Period], based on data available to the public. The "[EPS Performance Factor]" will be based on the Company's percentiles ranking of its [EPS Growth] among the companies in the Industry Index, as determined under the following table: [EPS Growth] Percentile Ranking [EPS Performance] Factor (%) At or above the [] Percentile (Top []) % At the [] Percentile [] % At the [] Percentile [] % Below the [] Percentile (Bottom []) % [] % For performance between stated ranking in the table above, the performance factor is determined using a straight-line interpolation. For purposes of this Agreement, the "Industry Index" will consist of the [] as of the first trading day of the Performance Period. If any company in the Industry Index has a negative diluted earnings per share in the calendar year prior to the Performance Period, the Committee will not calculate [EPS Growth] for such company, but such company will remain included in the Industry Index for purposes of determining the Company's [EPS Growth] Percentile Ranking. Also, if an Industry Index component company is acquired or is delisted from the major exchange during the Performance Period, such company will be excluded from the Industry Index and the total sample size will be reduced. Diluted earnings per share will be determined after making adjustments to exclude the following: (a) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;

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(b) any reorganization and restructuring programs; and (c) acquisitions or divestitures and related expenses. For clarity, no [EPS Award] will be earned if the Company's [EPS Growth] Percentile Ranking is below the [] Percentile. Determination of [ROAE Award] Half of the Target Number of Shares of Stock is multiplied by the [ROAE Performance Factor] to determine your [ROAE Award]. The Committee will calculate the [ROAE Award] based on the Company's achievement of [Return on Average Equity ("ROAE")] during the Performance Period relative to the Industry Index (as defined below). The Committee will calculate the [ROAE] for the Company and for each other company in the Industry Index for the Performance Period based on data available to the public. The ["ROAE Performance Factor"] will be based on the Company's percentile ranking of its [ROAE] among the companies in the Industry Index, as determined under the following table: [ROAE] Percentile Ranking [ROAE Performance Factor] (%) At or above the [] Percentile (Top []) [%] At the [] Percentile []% At the [] Percentile []% Below the [] Percentile (Bottom []) [%] For performance between stated ranking in the table above, the performance factor is determined using a straight-line interpolation. For purposes of this Agreement, the "Industry Index" will consist of the [] as of the first trading day of the Performance Period, provided that, if an Industry Index component company is acquired or is delisted from the major exchange during the Performance Period, such company will be excluded from the Industry Index and the total sample size will be reduced. [ROAE] will be determined after making adjustments to exclude the following: (a) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (b) any reorganization and restructuring programs; and (c) acquisitions or divestitures and related expenses. For clarity, no [ROAE Award] will be earned if the Company's [ROAE] Percentile Ranking is below the [] Percentile.





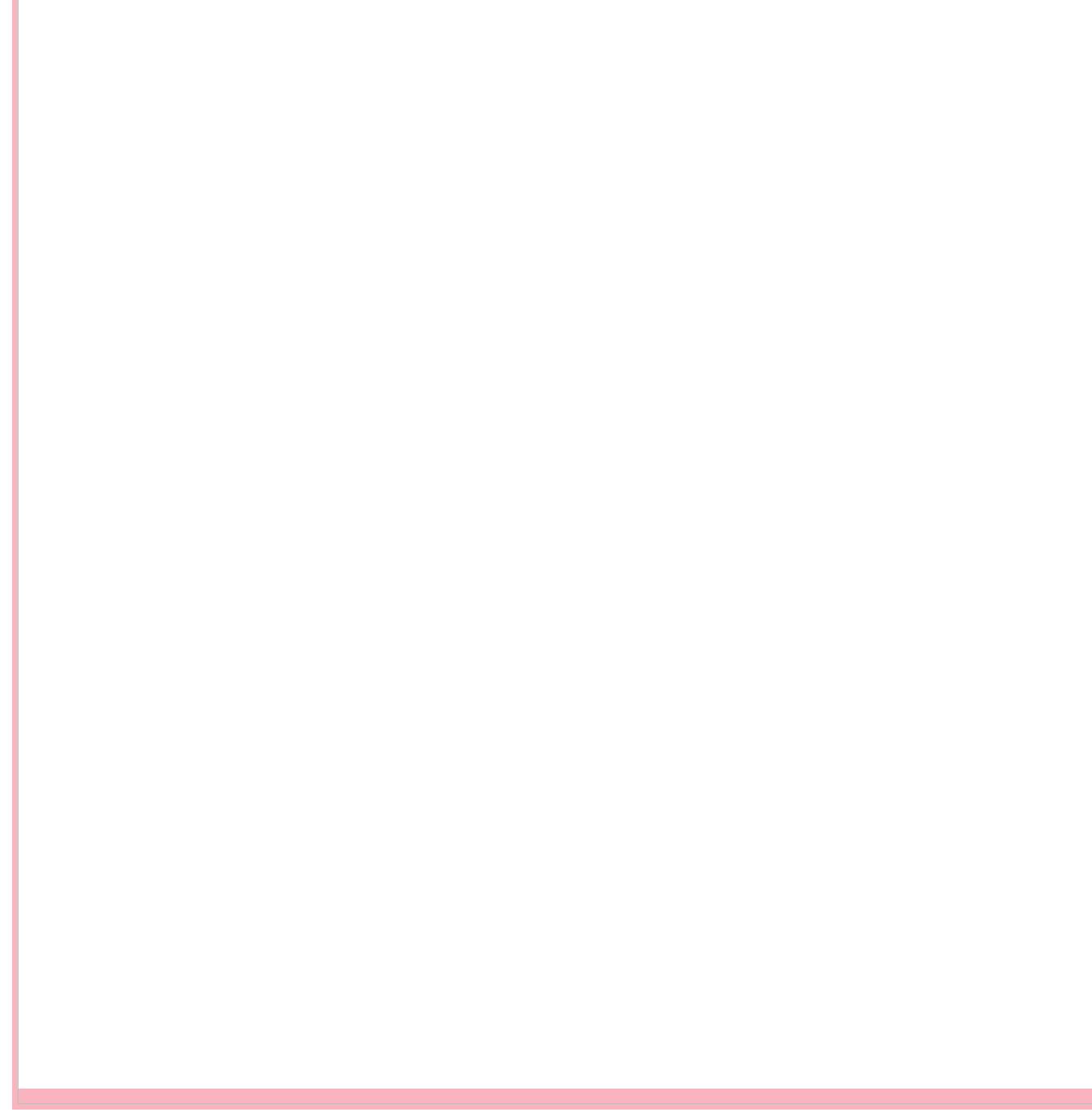
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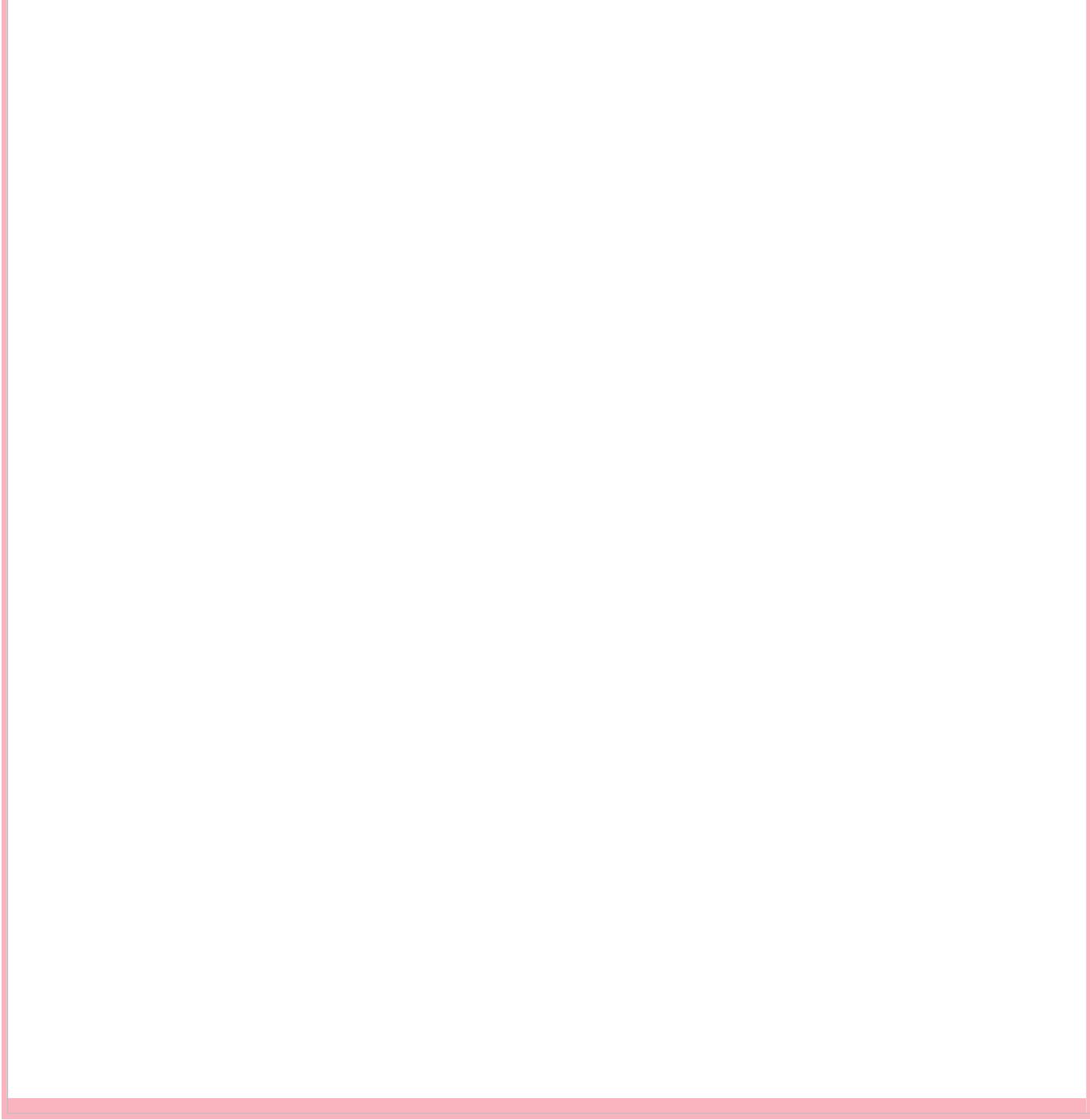






Exhibit 10.12



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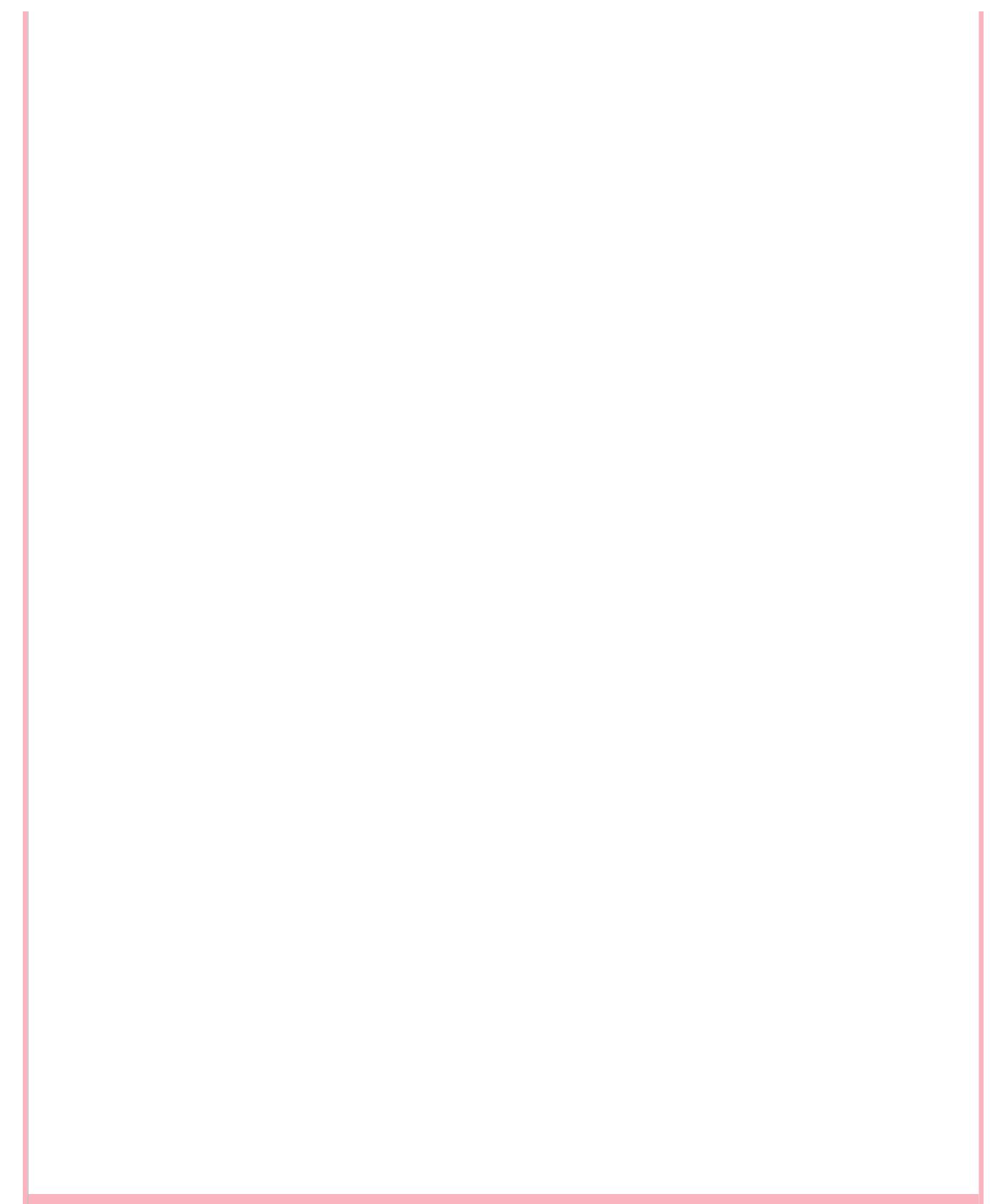
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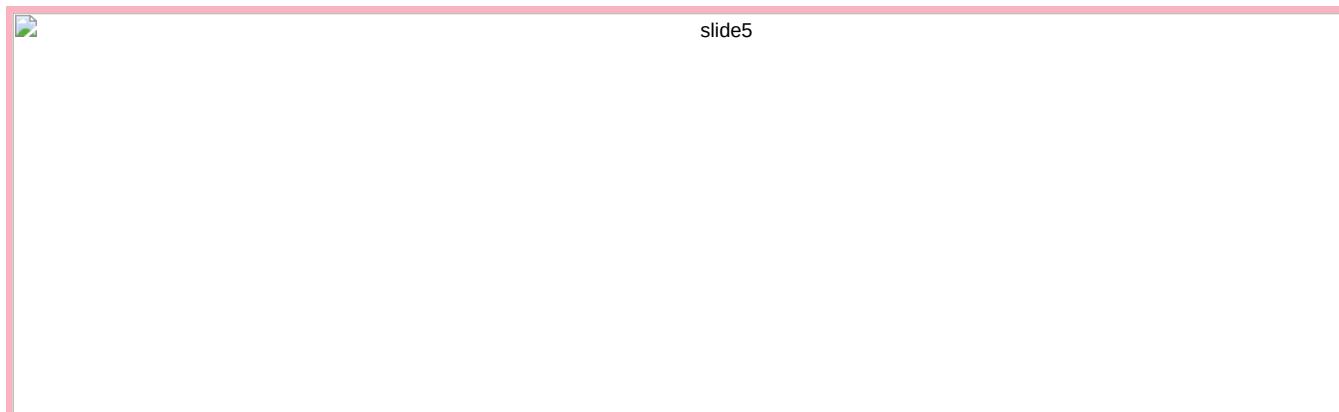


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Exhibit 10.13

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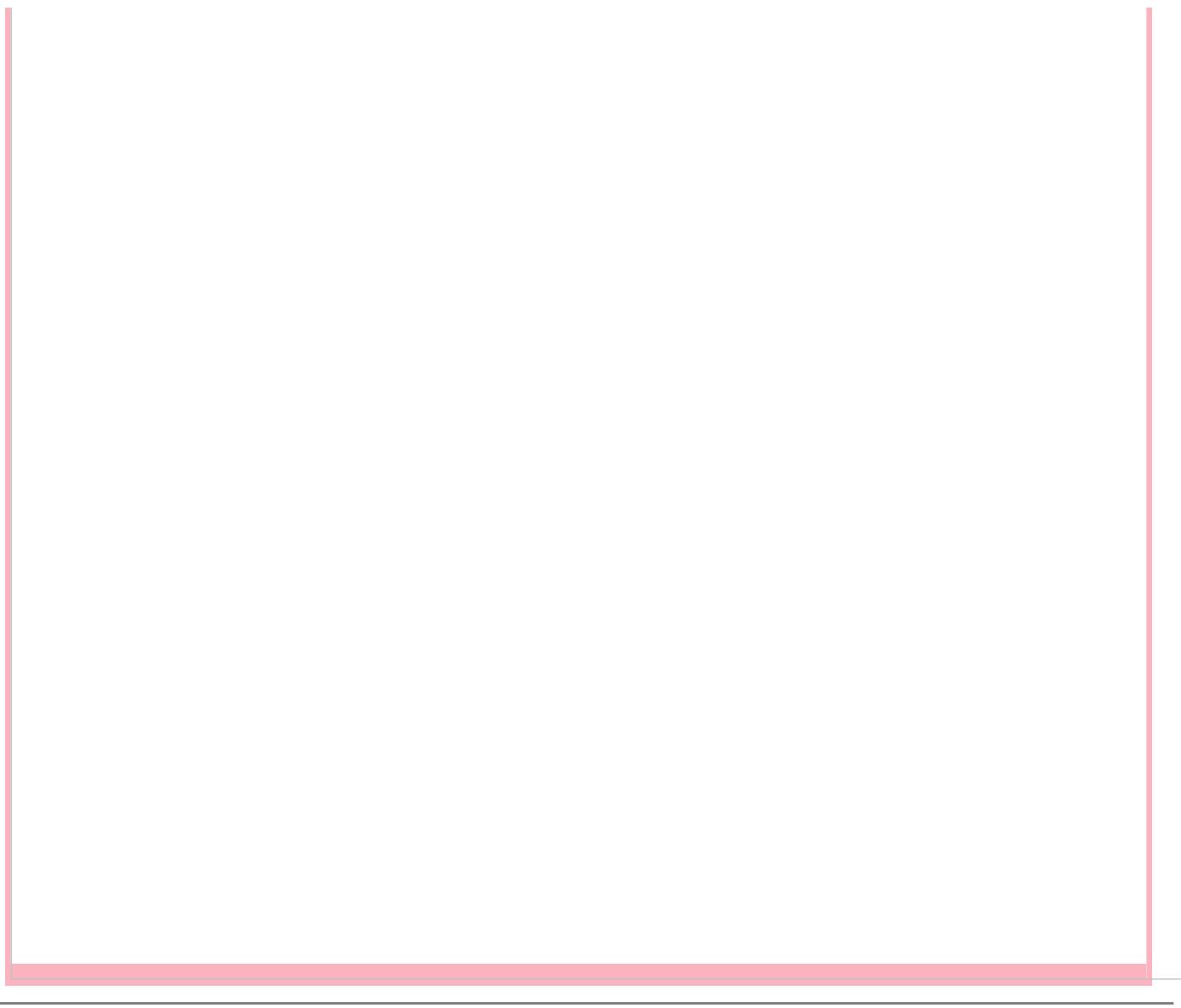


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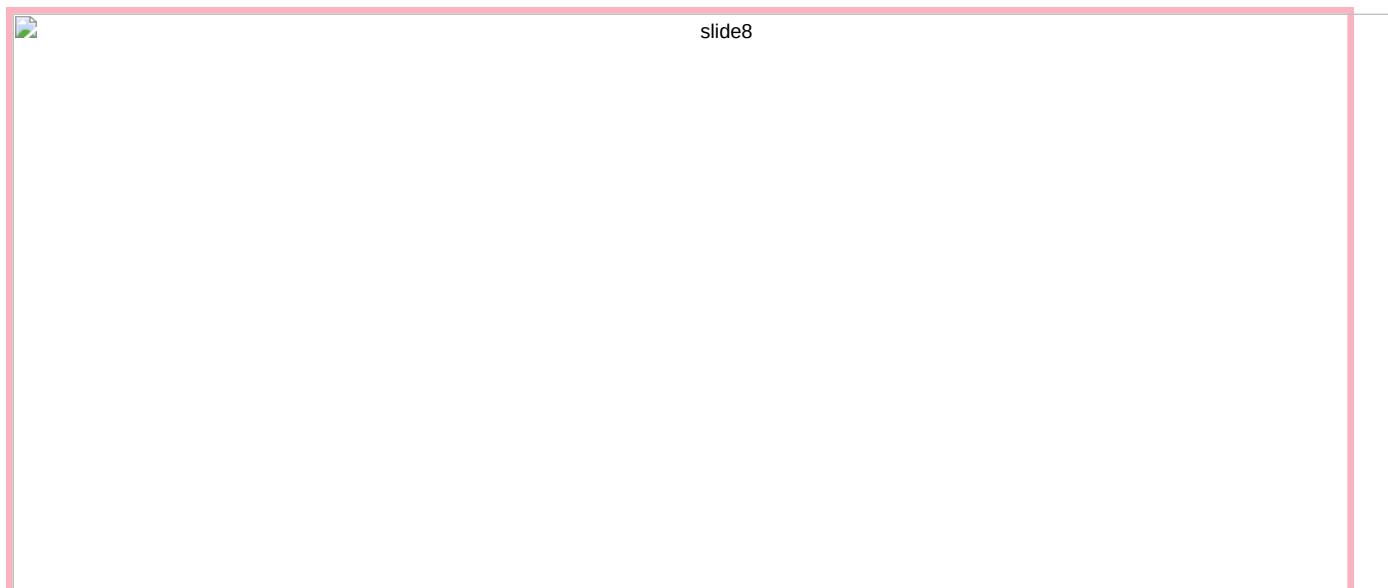


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Exhibit 10.17

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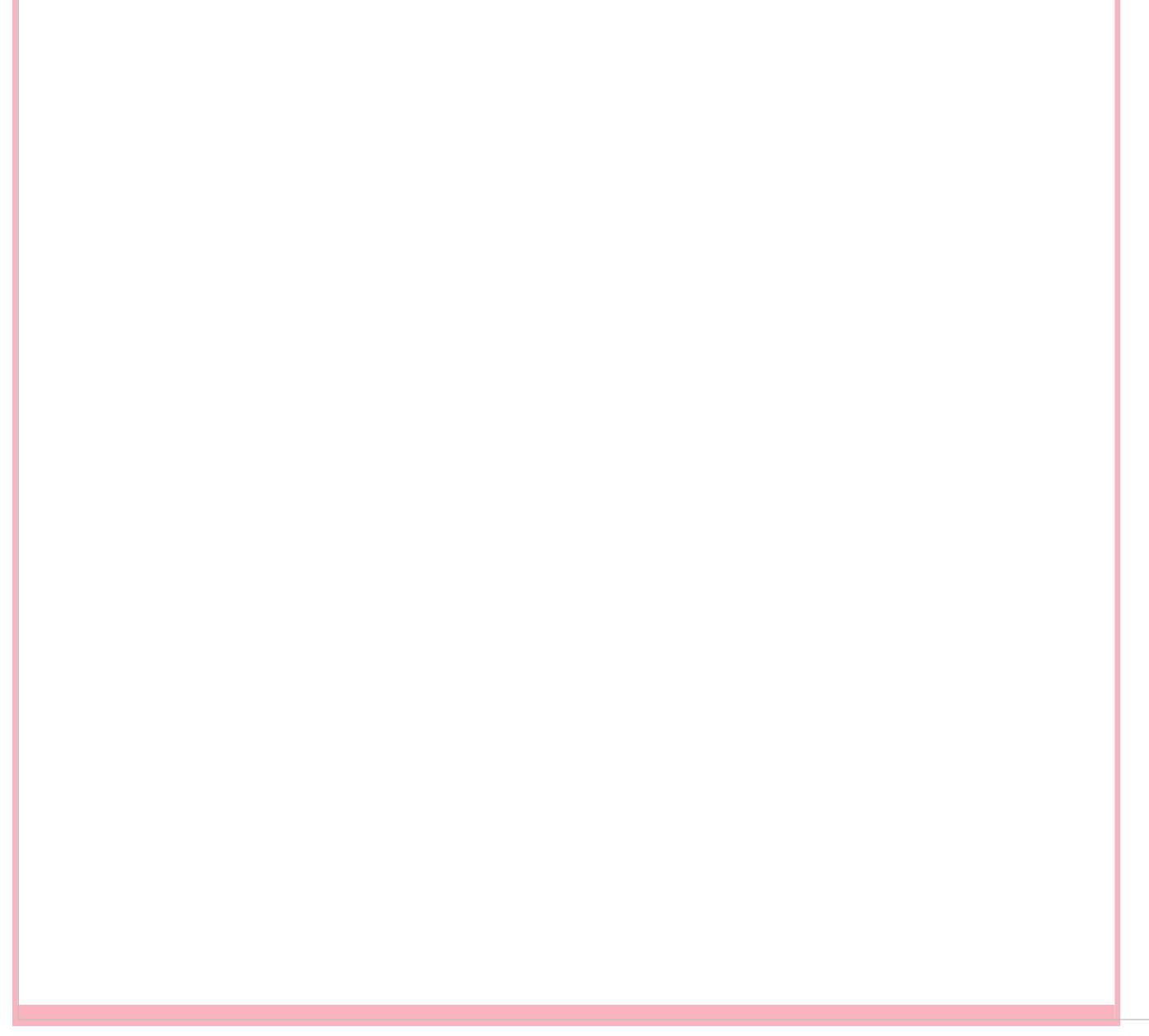


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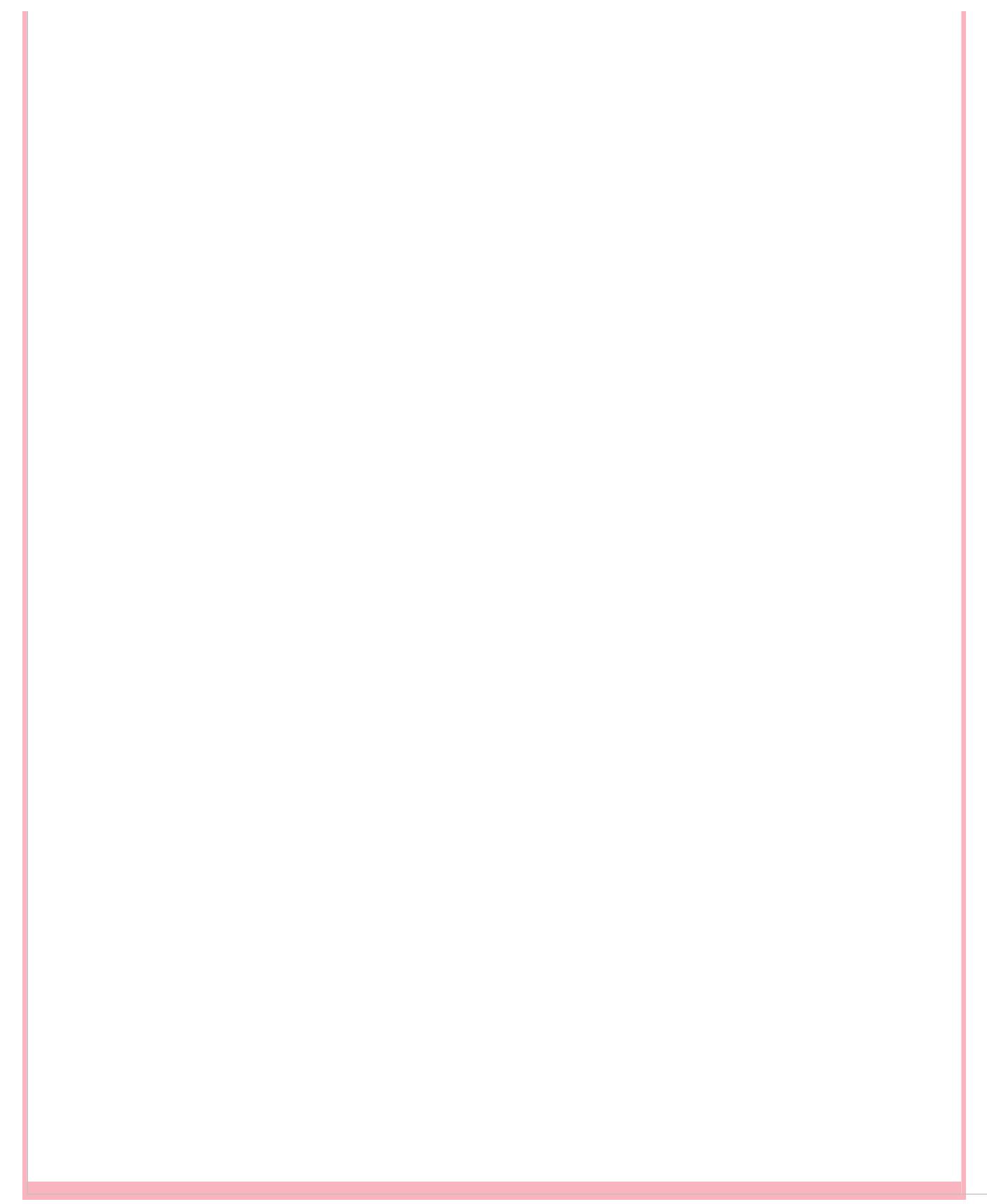
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CNB FINANCIAL CORPORATION

Form 10-K For The Year Ended December 31, 2022

SUBSIDIARIES OF THE REGISTRANT**Name****CNB Bank****Jurisdiction of Incorporation or Organization****Banking Association****Chartered in Pennsylvania****Incorporated in Pennsylvania****CNB Securities Corporation****Investment Holding Company****Incorporated in Delaware****Holiday Financial Services Corporation****Consumer Loan Company****Incorporated in Pennsylvania****CNB Insurance Agency****Insurance and Annuity Agency****Incorporated in Pennsylvania****CNB Risk Management, Inc.****Captive Insurance Company****Incorporated in Delaware**

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3MEF S-3 (No. 333-267435), Form S-3/A (No. 333-236018) 333-272781, Form S-3D (No. 333-163047), and Form S-8 (No. 333-231505) of our report dated **March 3, 2023** March 7, 2024 on our audit of the consolidated financial statements of CNB Financial Corporation (the "Corporation") as of **December 31, 2022** December 31, 2023 and for the year ended **December 31, 2022** December 31, 2023, which report is included in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated **March 3, 2023** March 7, 2024 on our audit of the internal control over financial reporting of the **Company** Corporation as of **December 31, 2022** December 31, 2023, which report is included in this Annual Report on Form 10-K.

/s/ FORVIS, LLP (Formerly, BKD, LLP)

Indianapolis, Indiana

March 3, 2023

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-267435 333-272781 on Form S-3MEF, Registration Statement No. 333-236018 on Form S-3/A, S-3, Registration Statement No. 333-163047 on Form S-3D and Registration Statement No. 333-231505 on Form S-8 of CNB Financial Corporation of our report dated March 3, 2022 relating to on the consolidated financial statements, statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the year ended December 31, 2021, and the related notes appearing in this 2023 Annual Report on Form 10-K.

/s/ Crowe LLP

Columbus, Ohio

March 3, 2023 7, 2024

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael D. Peduzzi, certify that:

1. I have reviewed this Annual Report on Form 10-K of CNB Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **March 3, 2023** **March 7, 2024**

/s/ Michael D. Peduzzi

Michael D. Peduzzi

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Tito L. Lima, certify that:

1. I have reviewed this Annual Report on Form 10-K of CNB Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **March 3, 2023** **March 7, 2024**

/s/ Tito L. Lima

Tito L. Lima

Senior Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

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

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael D. Peduzzi, President and Chief Executive Officer of CNB Financial Corporation (the "Corporation"), hereby certify, to my knowledge, that the Corporation's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Michael D. Peduzzi

Michael D. Peduzzi

President and Chief Executive Officer

Date: **March 3, 2023** **March 7, 2024**

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tito L. Lima, **Senior** Executive Vice President, Chief Financial Officer, and Treasurer of CNB Financial Corporation (the "Corporation"), hereby certify, to my knowledge, that the Corporation's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Tito L. Lima

Tito L. Lima

Senior Executive Vice President, Chief Financial Officer, and Treasurer

Dated: **March 3, 2023** **March 7, 2024**

CNB FINANCIAL CORPORATION
Incentive Compensation Recovery (Clawback) Policy

DEFINITIONS

"Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. For the avoidance of doubt, a restatement resulting solely from the retrospective application of a change in generally accepted accounting principles is not an Accounting Restatement.

"Covered Executive" means the Company's Chief Executive Officer, President, Chief Financial Officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function, any other officer who performs a policy-making function for the Company, any other person who performs similar policy-making functions for the Company, and any other employee who may from time to time be deemed subject to this Policy by the

Executive Compensation Committee (the "Committee"). For the avoidance of doubt, "Covered Executives" are the officers of the Company who are subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Act").

"Excess Incentive Compensation" means the amount of Incentive Compensation received during the Recoupment Period by any Covered Executive that exceeds the amount of Incentive Compensation that otherwise would have been received by such Covered Executive if the determination of the Incentive Compensation to be received had been determined based on restated amounts in the Accounting Restatement and without regard to any taxes paid.

"Incentive Compensation" means any compensation (including cash and equity compensation) that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. For purposes of this definition, a "financial reporting measure" is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such measures, or (ii) the Company's stock price and/or total shareholder return. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. Incentive Compensation subject to this Policy may be provided by the Company or subsidiaries or affiliates of the Company.

"Recoupment Period" means the three completed fiscal years preceding the Trigger Date, and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years, provided that any transition period of nine months or more shall count as a full fiscal year.

"Trigger Date" means the earlier to occur of: (a) the date the Board of Directors, the Audit Committee (or such other committee of the Board of Directors as may be authorized to make such a conclusion), or the officer or officers of the Company authorized to take such action if action by the Board of Directors is not required concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement; in the case of both (a) and (b) regardless of if or when restated financial statements are filed.

STATEMENT OF POLICY

In the event that the Company is required to prepare an Accounting Restatement, except as otherwise set forth in this Policy, the Company shall recover, reasonably promptly, the Excess Incentive Compensation received by any Covered Executive during the Recoupment Period.

This Policy applies to all Incentive Compensation received during the Recoupment Period by a person (a) after beginning service as a Covered Executive, (b) who served as a Covered Executive at any time during the performance period for that Incentive Compensation and (c) while the Company has a class of securities listed on the Nasdaq Stock Market LLC ("Nasdaq") or another national securities exchange or association. This Policy may therefore apply to a Covered Executive even after that person that is no longer a Company employee or a Covered Executive at the time of recovery.

Incentive Compensation is deemed "received" for purposes of this Policy in the fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or issuance of such Incentive Compensation occurs after the end of that period. For example, if the performance target for an award is based on total shareholder return for the year ended December 31, 2023, the award will be deemed to have been received in 2023 even if paid in 2024.

Exceptions

The Company is not required to recover Excess Incentive Compensation pursuant to this Policy to the extent the Committee makes a determination that recovery would be impracticable for one of the following reasons (and the applicable procedural requirements are met):

- a. after making a reasonable and documented attempt to recover the Excess Incentive Compensation, which documentation will be provided to the Nasdaq to the extent required, the Committee determines that the direct expenses that would be paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; or
- b. the Committee determines that recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

ADMINISTRATION

This Policy is intended to comply with Nasdaq Listing Rule 5608, Section 10D of the Act and Rule 10D- 1(b)(1) as promulgated under the Act, and shall be interpreted in a manner consistent with those requirements. The Committee has full authority to interpret and administer this Policy. The Committee's determinations under this Policy shall be final and binding on all persons, need not be uniform with respect to each individual covered by the Policy, and shall be given the maximum deference permitted by law. In making determinations under this Policy, the Committee may retain third-party advisors as it deems necessary to carry out its responsibilities.

The Committee has the authority to determine the appropriate means of recovering Excess Incentive Compensation based on the particular facts and circumstances, which could include, but is not limited to, seeking direct reimbursement, forfeiture of awards, offsets against other payments, and forfeiture of deferred compensation (subject to compliance with Section 409A of the Internal Revenue Code).

Subject to any limitations under applicable law, the Committee may authorize any officer or employee of the Company to take actions necessary or appropriate to carry out the purpose and intent of this Policy, provided that no such authorization shall relate to any recovery under this Policy that involves such officer or employee.

If the Committee cannot determine the amount of excess Incentive Compensation received by a Covered Executive directly from the information in the Accounting Restatement, such as in the case of Incentive Compensation tied to stock price or total shareholder return, then it shall make its determination based on its reasonable estimate of the effect of the Accounting Restatement and shall maintain documentation of such determination, including for purposes of providing such documentation to the Nasdaq.

NO INDEMNIFICATION OR ADVANCEMENT OF LEGAL FEES

Notwithstanding the terms of any indemnification agreement, insurance policy, contractual arrangement, the governing documents of the Company or other document or arrangement, the Company shall not indemnify any Covered Executive against, or pay the premiums for any insurance policy to cover, any amounts recovered under this Policy or any expenses that a Covered Executive incurs in opposing Company efforts to recoup amounts pursuant to the Policy.

NON-EXCLUSIVE REMEDY; SUCCESSORS

Recovery of Incentive Compensation pursuant to this Policy shall not in any way limit or affect the rights of the Company to pursue disciplinary, legal, or other action or pursue any other remedies available to it. This Policy shall be in addition to, and is not intended to limit, any rights of the Company to recover Incentive Compensation from Covered Executives under any legal remedy available to the Company and applicable laws and regulations, including but not limited to the Sarbanes-Oxley Act of 2002, as amended, or pursuant to the terms of any other Company policy, employment agreement, equity award agreement, or similar agreement with a Covered Executive.

This Policy shall be binding and enforceable against all Covered Executives and their successors, beneficiaries, heirs, executors, administrators, or other legal representatives.

AMENDMENT

This Policy may be amended from time to time by the Board of Directors of the Company.

EFFECTIVE DATE

This Policy shall apply to any Incentive Compensation received on or after October 2, 2023.

DISCLAIMER

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