

REFINITIV

DELTA REPORT

10-Q

CCNEP - CNB FINANCIAL CORP/PA

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1514

■ CHANGES	461
■ DELETIONS	610
■ ADDITIONS	443

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**
 or

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

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

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

Pennsylvania

25-1450605

(State or other jurisdiction of
 incorporation or organization)

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

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

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

Title of Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	CCNE	The NASDAQ Stock Market LLC
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

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

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

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

Large Accelerated Filer	<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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock as of **October 31, 2023** **April 30, 2024**:

COMMON STOCK, NO PAR VALUE PER SHARE: **20,897,806** **21,003,568** SHARES

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The information below includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, liquidity, results of operations, future performance and business of CNB Financial Corporation ("CNB" (the "Corporation"). These forward-looking statements are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not historical facts. Forward-looking statements include statements with respect to beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors

(some of which are beyond CNB's the Corporation's control). Forward-looking statements often include the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potentially," "probably," "projects," "outlook" or similar expressions or future conditional verbs such as "may," "will," "should," "would" and "could." CNB's The Corporation's actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance.

Factors that could cause the actual results to differ materially from the statements, include, but are not limited to, (i) adverse changes or conditions in capital and financial markets, including actual or potential stresses in the banking industry; (ii) changes in the interest rate environment; (iii) the credit risks of lending activities, including our ability to estimate credit losses and the allowance for credit losses, as well as the effects of changes in the level of, and trends in, loan delinquencies and write-offs; (iv) effectiveness of our data security controls in the face of cyber attacks and any reputational risks following a cybersecurity incident; (v) the duration and scope of a pandemic, including the lingering impacts of the 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 of funds, demand for loan 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 the Corporation's financial position and results of operations.

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

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Part I Financial Information

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS Dollars in thousands, except share data

		(unaudited)			
		September 30, 2023	December 31, 2022		
		(unaudited)		March 31, 2024	March 31, 2024
		March 31, 2024	March 31, 2024		
		March 31, 2024	March 31, 2024		
					December 31, 2023
ASSETS					
Cash and cash equivalents due from banks	Cash and cash equivalents due from banks	\$ 61,529	\$ 58,884		
Interest-bearing deposits with Federal Reserve	Interest-bearing deposits with Federal Reserve	117,632	43,401		
Interest-bearing deposits with other financial institutions	Interest-bearing deposits with other financial institutions	3,424	4,000		
Total cash and cash equivalents	Total cash and cash equivalents	182,585	106,285		
Debt securities available-for-sale, at fair value (amortized cost of \$404,688 and \$432,992, respectively)		335,122	371,409		
Debt securities held-to-maturity, at amortized cost (fair value \$352,069 and \$367,388, respectively)		391,301	404,765		
Debt securities available-for-sale, at fair value (amortized cost of \$403,994 and \$395,803, respectively)					

Debt securities held-to-maturity, at amortized cost (fair value \$352,138 and \$360,570, respectively)			
Equity securities	Equity securities	8,948	9,615
Loans held for sale	Loans held for sale	464	231
Loans receivable	Loans receivable		
PPP loans, net of deferred processing fees	PPP loans, net of deferred processing fees	56	159
PPP loans, net of deferred processing fees			
PPP loans, net of deferred processing fees			
Syndicated loans	Syndicated loans	123,090	156,649
Loans	Loans	4,369,028	4,118,370
Total loans receivable			
Total loans receivable			
Total loans receivable	Total loans receivable	4,492,174	4,275,178
Less: allowance for credit losses	Less: allowance for credit losses	(45,832)	(43,436)
Net loans receivable	Net loans receivable	4,446,342	4,231,742
FHLB and other restricted stock holdings and investments	FHLB and other restricted stock holdings and investments	28,329	30,715
Premises and equipment, net	Premises and equipment, net	73,270	68,535
Operating lease right-of-use assets	Operating lease right-of-use assets	36,065	32,307
Bank owned life insurance	Bank owned life insurance	113,734	111,523
Mortgage servicing rights	Mortgage servicing rights	1,631	1,804
Goodwill and other intangibles	Goodwill and other intangibles	43,874	43,749
Core deposit intangible, net	Core deposit intangible, net	299	364
Accrued interest receivable and other assets	Accrued interest receivable and other assets	69,944	62,135
Total Assets	Total Assets	\$5,731,908	\$5,475,179
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Noninterest-bearing demand deposits	Noninterest-bearing demand deposits	\$ 782,996	\$ 898,437
Interest-bearing demand deposits	Interest-bearing demand deposits	781,309	1,007,202
Savings	Savings	2,883,736	2,270,337
Certificates of deposit	Certificates of deposit	554,740	446,461
Total deposits	Total deposits	5,002,781	4,622,437
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	84,191	83,964
Operating lease liabilities	Operating lease liabilities	37,998	33,726
Accrued interest payable and other liabilities	Accrued interest payable and other liabilities	37,106	51,274
Total liabilities	Total liabilities	5,182,696	4,944,417
Commitments and contingent liabilities	Commitments and contingent liabilities		
Preferred stock, Series A non-cumulative perpetual, \$0 par value; \$1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at September 30, 2023 and December 31, 2022		57,785	57,785
Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 at September 30, 2023 and 21,235,503 at December 31, 2022		—	—
Preferred stock, Series A non-cumulative perpetual, \$0 par value; \$1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at March 31, 2024 and December 31, 2023			

Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 at March 31, 2024 and 21,235,503 at December 31, 2023			
Additional paid in capital	Additional paid in capital	220,100	221,553
Retained earnings	Retained earnings	336,690	306,911
Treasury stock, at cost (339,869 shares at September 30, 2023 and 114,157 shares December 31, 2022)		(6,862)	(2,967)
Treasury stock, at cost (210,808 shares at March 31, 2024 and 339,064 shares December 31, 2023)			
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(58,501)	(52,520)
Total shareholders' equity	Total shareholders' equity	549,212	530,762
Total	Total		
Liabilities and	Liabilities and		
Shareholders' equity	Shareholders' equity		
Equity	Equity	\$5,731,908	\$5,475,179

See Notes to Condensed Consolidated Financial Statements

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

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
INTEREST AND DIVIDEND INCOME:	INTEREST AND DIVIDEND INCOME:	Three Months Ended September 30,	2023	Three Months Ended September 30,	2022
INTEREST AND DIVIDEND INCOME:					
INTEREST AND DIVIDEND INCOME:					
Loans receivable including fees					
Loans receivable including fees					
Loans receivable including fees	Loans receivable including fees				
Interest and fees on loans receivable	Interest and fees on loans receivable	\$	70,980	\$	50,552
Interest and fees on loans receivable					
Interest and fees on loans receivable					
Processing fees on PPP loans					
Processing fees on PPP loans					
Processing fees on PPP loans	Processing fees on PPP loans	—		74	3
Securities:	Securities:				
Securities:					
Securities:					
Taxable					
Taxable					
Taxable	Taxable		4,247	4,413	13,360
Tax-exempt	Tax-exempt		176	219	553
Tax-exempt					
Tax-exempt					
Dividends					
Dividends					

Dividends	Dividends	113	40	366	109
Total interest and dividend income	Total interest and dividend income	75,516	55,298	214,488	151,293
Total interest and dividend income					
Total interest and dividend income					
INTEREST EXPENSE:					
INTEREST EXPENSE:	INTEREST EXPENSE:				
Deposits	Deposits	27,113	4,408	67,390	9,601
Deposits					
Deposits					
Borrowed funds and finance lease liabilities	Borrowed funds and finance lease liabilities	91	5	1,799	15
Subordinated notes and debentures (includes \$(55), \$26, \$(151), and \$144 accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)		1,076	977	3,164	2,851
Borrowed funds and finance lease liabilities					
Borrowed funds and finance lease liabilities					
Subordinated notes and debentures (includes \$0 and \$(45) accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)					
Subordinated notes and debentures (includes \$0 and \$(45) accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)					
Subordinated notes and debentures (includes \$0 and \$(45) accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)					
Total interest expense					
Total interest expense					
Total interest expense	Total interest expense	28,280	5,390	72,353	12,467
NET INTEREST INCOME	NET INTEREST INCOME	47,236	49,908	142,135	138,826
NET INTEREST INCOME					
NET INTEREST INCOME					
PROVISION FOR CREDIT LOSS EXPENSE					
PROVISION FOR CREDIT LOSS EXPENSE					
PROVISION FOR CREDIT LOSS EXPENSE	PROVISION FOR CREDIT LOSS EXPENSE	1,056	1,091	4,751	5,639
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE	NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE	46,180	48,817	137,384	133,187
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE					
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE					
NON-INTEREST INCOME:					
NON-INTEREST INCOME:	NON-INTEREST INCOME:				
Service charges on deposit accounts	Service charges on deposit accounts	1,861	1,872	5,569	5,400
Service charges on deposit accounts					
Service charges on deposit accounts					
Other service charges and fees	Other service charges and fees	567	814	2,283	2,253
Wealth and asset management fees	Wealth and asset management fees	1,833	1,870	5,567	5,456
Net realized gains on available-for-sale securities (includes \$0, \$0, \$52, and \$651 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)		—	—	52	651

Net realized and unrealized losses on equity securities	(400)	(398)	(930)	(1,433)	
Wealth and asset management fees					
Wealth and asset management fees					
Net realized gains on available-for-sale securities (includes \$0 and \$22 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)					
Net realized gains on available-for-sale securities (includes \$0 and \$22 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)					
Net realized gains on available-for-sale securities (includes \$0 and \$22 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)					
Net realized and unrealized gains (losses) on equity securities					
Net realized and unrealized gains (losses) on equity securities					
Net realized and unrealized gains (losses) on equity securities					
Mortgage banking					
Mortgage banking					
Mortgage banking	172	298	516	1,065	
Bank owned life insurance	754	694	2,211	2,778	
Bank owned life insurance					
Bank owned life insurance					
Card processing and interchange income					
Card processing and interchange income					
Card processing and interchange income	2,098	1,975	6,219	5,776	
Other non-interest income	978	834	2,711	3,813	
Other non-interest income					
Other non-interest income					
Total non-interest income					
Total non-interest income					
Total non-interest income	7,863	7,959	24,198	25,759	
NON-INTEREST EXPENSES:	NON-INTEREST EXPENSES:				
NON-INTEREST EXPENSES:					
NON-INTEREST EXPENSES:					
Compensation and benefits	Compensation and benefits	17,758	18,901	51,862	52,660
Compensation and benefits					
Compensation and benefits					
Net occupancy expense					
Net occupancy expense	Net occupancy expense	3,596	3,375	10,790	9,940
Technology expense	Technology expense	5,232	4,552	14,677	11,948
Technology expense					
Technology expense					
State and local taxes					
State and local taxes					
State and local taxes	State and local taxes	1,028	1,036	3,108	3,121
Legal, professional, and examination fees	Legal, professional, and examination fees	1,320	1,019	3,167	3,032
Legal, professional, and examination fees					
Legal, professional, and examination fees					
Advertising					
Advertising					
Advertising	Advertising	840	709	2,085	1,866
FDIC insurance premiums	FDIC insurance premiums	1,027	709	2,901	2,142
FDIC insurance premiums					
FDIC insurance premiums					

Dues and subscriptions	Dues and subscriptions	495	476	1,451	1,610
Dues and subscriptions					
Dues and subscriptions					
Card processing and interchange expenses					
Card processing and interchange expenses					
Card processing and interchange expenses	Card processing and interchange expenses	1,207	1,201	4,269	3,486
Other non-interest expenses	Other non-interest expenses	4,411	4,122	12,582	10,796
Other non-interest expenses					
Other non-interest expenses					
Total non-interest expenses					
Total non-interest expenses					
Total non-interest expenses	Total non-interest expenses	36,914	36,100	106,892	100,601
INCOME BEFORE INCOME TAXES					
INCOME BEFORE INCOME TAXES	INCOME BEFORE INCOME TAXES	17,129	20,676	54,690	58,345
INCOME TAX EXPENSE (includes \$12, \$7, \$43 and \$106 income tax expense from reclassification items, respectively)		3,402	4,051	10,647	11,037
INCOME BEFORE INCOME TAXES					
INCOME BEFORE INCOME TAXES	INCOME BEFORE INCOME TAXES				
INCOME TAX EXPENSE (includes \$0 and \$14 income tax expense from reclassification items, respectively)					
INCOME TAX EXPENSE (includes \$0 and \$14 income tax expense from reclassification items, respectively)					
INCOME TAX EXPENSE (includes \$0 and \$14 income tax expense from reclassification items, respectively)					
NET INCOME					
NET INCOME					
NET INCOME	NET INCOME	13,727	16,625	44,043	47,308
PREFERRED STOCK DIVIDENDS	PREFERRED STOCK DIVIDENDS	1,076	1,076	3,226	3,226
PREFERRED STOCK DIVIDENDS					
PREFERRED STOCK DIVIDENDS					
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS					
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS					
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 12,651	\$ 15,549	\$ 40,817	\$ 44,082
AVERAGE COMMON SHARES OUTSTANDING:	AVERAGE COMMON SHARES OUTSTANDING:				
OUTSTANDING:	OUTSTANDING:				
AVERAGE COMMON SHARES OUTSTANDING:					
AVERAGE COMMON SHARES OUTSTANDING:					
Basic	Basic	20,859,872	17,254,389	20,939,102	16,950,577
Diluted	Diluted	20,899,744	17,287,770	20,979,032	16,983,958
Diluted					
Diluted					
PER COMMON SHARE DATA:					
PER COMMON SHARE DATA:					
PER COMMON SHARE DATA:	PER COMMON SHARE DATA:				
Basic Earnings Per Common Share	Basic Earnings Per Common Share				
Share	Share	\$ 0.60	\$ 0.90	\$ 1.94	\$ 2.59
Basic Earnings Per Common Share					
Basic Earnings Per Common Share					
Diluted Earnings Per Common Share					
Diluted Earnings Per Common Share					
Diluted Earnings Per Common Share	Diluted Earnings Per Common Share				
Share	Share	\$ 0.60	\$ 0.90	\$ 1.94	\$ 2.59

Cash Dividends Declared	Cash Dividends Declared	\$ 0.175	\$ 0.175	\$ 0.525	\$ 0.525
Cash Dividends Declared					
Cash Dividends Declared					

See Notes to Condensed Consolidated Financial Statements

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

NET INCOME	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
	\$ 13,727	\$ 16,625	\$ 44,043	\$ 47,308
Other comprehensive income (loss), net of tax:				
Net change in fair value of derivative instruments:				
Unrealized gain (loss) on interest rate swaps, net of tax \$2, \$(19), \$0, and \$(79), respectively	(8)	69	—	297
Reclassification adjustment for (gains) losses recognized in earnings, net of tax \$12, \$(7), \$32, \$(31), respectively	(43)	19	(119)	113
	(51)	88	(119)	410
Net change in debt securities:				
Unrealized holding losses on available-for-sale securities arising during the period, net of tax of \$2,135, \$3,945, \$1,666, and \$14,881, respectively	(8,032)	(14,838)	(6,267)	(55,984)
Amortization of unrealized losses from held-to-maturity securities, net of tax of \$(44), \$(80), \$(118), and \$(178), respectively	167	300	446	671
Reclassification adjustment for realized losses included in net income, net of tax of \$0, \$0, \$11, and \$137, respectively	—	—	(41)	(514)
	(7,865)	(14,538)	(5,862)	(55,827)
Other comprehensive loss	(7,916)	(14,450)	(5,981)	(55,417)
COMPREHENSIVE INCOME (LOSS)	\$ 5,811	\$ 2,175	\$ 38,062	\$ (8,109)

NET INCOME	Three Months Ended March 31,	
	2024	
	\$ 12,600	\$ 16,489
Other comprehensive income (loss), net of tax:		
Net change in fair value of derivative instruments:		
Unrealized loss on interest rate swaps, net of tax \$0 and \$0, respectively	—	(1)
Reclassification adjustment for (gains) recognized in earnings, net of tax \$0 and \$9, respectively	—	(36)
	—	(37)
Net change in debt securities:		
Unrealized holding gains (losses) on available-for-sale securities arising during the period, net of tax of \$332 and \$(1,531), respectively	(1,249)	5,760
Amortization of unrealized losses from held-to-maturity securities, net of tax of \$(33) and \$(35), respectively	124	133
Reclassification adjustment for realized (losses) included in net income, net of tax of \$0 and \$5, respectively	—	(17)
	(1,125)	5,876
Other comprehensive income (loss)	(1,125)	5,839
COMPREHENSIVE INCOME	\$ 11,475	\$ 22,328

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

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Dollars in thousands, except share and per share data

	Preferred Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, July 1, 2023	\$ 57,785	\$ 219,723	\$ 327,707	\$ (4,996)	\$ (50,585)	\$ 549,634
Net income			13,727			13,727
Other comprehensive loss					(7,916)	(7,916)
Forfeiture of restricted stock award grants (1,393 shares)		27		(27)		—
Stock-based compensation expense		350				350
Purchase of treasury stock (100,000 shares)					(1,839)	(1,839)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (26 shares)					—	—
Preferred cash dividend declared			(1,076)			(1,076)
Cash dividends declared (\$0.175 per common share)			(3,668)			(3,668)
Balance, September 30, 2023	<u>\$ 57,785</u>	<u>\$ 220,100</u>	<u>\$ 336,690</u>	<u>\$ (6,862)</u>	<u>\$ (58,501)</u>	<u>\$ 549,212</u>
Balance, July 1, 2022	\$ 57,785	\$ 126,986	\$ 283,204	\$ (3,026)	\$ (41,361)	\$ 423,588
Net income			16,625			16,625
Other comprehensive loss					(14,450)	(14,450)
Forfeiture of restricted stock award grants (112 shares)		3		(3)		—
Restricted stock award grants (664 shares)		(10)		10		—
Stock-based compensation expense		256				256
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
Preferred cash dividend declared			(1,076)			(1,076)
Cash dividends declared (\$0.175 per common share)			(2,950)			(2,950)
Balance, September 30, 2022	<u>\$ 57,785</u>	<u>\$ 221,326</u>	<u>\$ 295,803</u>	<u>\$ (2,975)</u>	<u>\$ (55,811)</u>	<u>\$ 516,128</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited) (continued)

Dollars in thousands, except share and per share data

	Preferred Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2023	\$ 57,785	\$ 221,553	\$ 306,911	\$ (2,967)	\$ (52,520)	\$ 530,762
Net income			44,043			44,043
Other comprehensive loss					(5,981)	(5,981)
Forfeiture of restricted stock award grants (4,196 shares)		90		(90)		—
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		1,311				1,311
Purchase of treasury stock (326,459 shares)					(6,556)	(6,556)
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			(3,226)			(3,226)
Cash dividends declared (\$0.525 per common share)			(11,038)			(11,038)
Balance, September 30, 2023	<u>\$ 57,785</u>	<u>\$ 220,100</u>	<u>\$ 336,690</u>	<u>\$ (6,862)</u>	<u>\$ (58,501)</u>	<u>\$ 549,212</u>

Balance, January 1, 2022	\$ 57,785	\$ 127,351	\$ 260,582	\$ (2,477)	\$ (394)	\$ 442,847
Net income			47,308			47,308
Other comprehensive loss					(55,417)	(55,417)
Forfeiture of restricted stock award grants (1,202 shares)	30		(30)			—
Restricted stock award grants (56,823 shares)	(986)		986			—
Performance based restricted stock award grants (11,895 shares)	(173)		173			—
Stock-based compensation expense	1,013					1,013
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			(3,226)			(3,226)
Cash dividends declared (\$0.525 per common share)			(8,861)			(8,861)
Balance, September 30, 2022	\$ 57,785	\$ 221,326	\$ 295,803	\$ (2,975)	\$ (55,811)	\$ 516,128

	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2024	\$ 57,785	\$ 220,495	\$ 345,935	\$ (6,890)	\$ (46,078)	\$ (46,078)	\$ 571,247
Net income			12,600				12,600
Other comprehensive loss						(1,125)	(1,125)
Forfeiture of restricted stock award grants (2,443 shares)	50		(50)				—
Restricted stock award grants (130,857 shares)	(3,025)		3,025				—
Performance based restricted stock award grants (9,667 shares)	(179)		179				—
Stock-based compensation expense	883						883
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,307 shares)			(156)				(156)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (2,518 shares)			(54)				(54)
Preferred cash dividend declared			(1,075)				(1,075)
Cash dividends declared (\$0.175 per common share)			(3,680)				(3,680)
Balance, March 31, 2024	\$ 57,785	\$ 218,224	\$ 353,780	\$ (3,946)	\$ (47,203)	\$ (47,203)	\$ 578,640
Balance, January 1, 2023	\$ 57,785	\$ 221,553	\$ 306,911	\$ (2,967)	\$ (52,520)	\$ (52,520)	\$ 530,762
Net income			16,489				16,489
Other comprehensive loss						5,839	5,839
Forfeiture of restricted stock award grants (2,061 shares)	50		(50)				—
Restricted stock award grants (97,859 shares)	(2,547)		2,547				—
Performance based restricted stock award grants (4,118 shares)	(111)		111				—
Stock-based compensation expense	616						616
Purchase of treasury stock (100,000 shares)			(2,405)				(2,405)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (3,750 shares)			(89)				(89)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (584 shares)			(14)				(14)
Preferred cash dividend declared			(1,075)				(1,075)
Cash dividends declared (\$0.175 per common share)			(3,696)				(3,696)
Balance, March 31, 2023	\$ 57,785	\$ 219,561	\$ 318,629	\$ (2,867)	\$ (46,681)	\$ (46,681)	\$ 546,427

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

Dollars in thousands

		Nine Months Ended September 30,				
		Three Months Ended March 31,			Three Months Ended March 31,	
		2023	2022	2024	2023	
CASH FLOWS FROM OPERATING ACTIVITIES:	CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	Net income	\$ 44,043	\$ 47,308			
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by operations:	Adjustments to reconcile net income to net cash provided by operations:					
Provision for credit loss expense						
Provision for credit loss expense						
Provision for credit loss expense	Provision for credit loss expense	4,751	5,639			
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	5,803	5,256			
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	(2,968)	(2,246)			
Net amortization of deferred costs on borrowings	Net amortization of deferred costs on borrowings	227	227			
Accretion of deferred PPP processing fees	Accretion of deferred PPP processing fees	(3)	(1,870)			
Net realized gains on sales of available-for- sale securities	Net realized gains on sales of available-for- sale securities	(52)	(651)			
Net realized and unrealized losses on equity securities		930	1,433			
Net realized and unrealized (gains) losses on equity securities						
Gain on sale of loans held for sale	Gain on sale of loans held for sale	(342)	(1,176)			

Net losses on dispositions of premises and equipment and foreclosed assets	Net losses on dispositions of premises and equipment and foreclosed assets	27	40
Proceeds from sale of loans receivable	Proceeds from sale of loans receivable	12,390	25,435
Origination of loans held for sale	Origination of loans held for sale	(13,730)	(30,838)
Income on bank owned life insurance	Income on bank owned life insurance	(2,211)	(1,895)
Gain on bank owned life insurance (death benefit proceeds in excess of cash surrender value)		—	(883)
Restricted stock compensation expense	Restricted stock compensation expense	1,311	1,013
Stock-based contribution expense		—	84
Restricted stock compensation expense			
Restricted stock compensation expense			
Change in:	Change in:		
Change in:			
Change in:			
Accrued interest receivable and other assets			
Accrued interest receivable and other assets			
Accrued interest receivable and other assets	Accrued interest receivable and other assets	(7,231)	(20,953)
Accrued interest payable, lease liabilities, and other liabilities	Accrued interest payable, lease liabilities, and other liabilities	(13,640)	12,359
NET CASH PROVIDED BY OPERATING ACTIVITIES	NET CASH PROVIDED BY OPERATING ACTIVITIES	29,305	38,282
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	29,795	59,673
Proceeds from maturities, prepayments and calls of available-for-sale securities			
Proceeds from sales of available-for-sale securities	Proceeds from sales of available-for-sale securities	13,151	22,164
Purchase of available-for-sale securities	Purchase of available-for-sale securities	(15,103)	(48,383)
Proceeds from maturities, prepayments and calls of held-to-maturity securities	Proceeds from maturities, prepayments and calls of held-to-maturity securities	14,226	20,235

Purchases of held-to-maturity securities		—	(213,853)
Purchase of equity securities	Purchase of equity securities	(263)	(302)
Proceeds from loans classified as portfolio loans		4,994	—
Net increase in loans receivable		(220,188)	(380,348)
Purchase of bank owned life insurance		—	(2,750)
Proceeds from death benefit of bank owned life insurance policies		—	3,273
Redemption (purchase) of FHLB, other equity, and restricted equity interests		2,386	(647)
Purchase of equity securities			
Purchase of equity securities			
Proceeds from sales of loans classified as portfolio loans			
Net decrease (increase) in loans receivable			
Purchase of FHLB, other equity, and restricted equity interests			
Purchase of FHLB, other equity, and restricted equity interests			
Purchase of FHLB, other equity, and restricted equity interests			
Purchase of premises and equipment	Purchase of premises and equipment	(8,955)	(8,278)
Purchase of other intangible assets	Purchase of other intangible assets	(125)	—
Proceeds from the sale of premises and equipment and foreclosed assets	Proceeds from the sale of premises and equipment and foreclosed assets	52	47
NET CASH USED BY INVESTING ACTIVITIES		(180,030)	(549,169)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES: FINANCING ACTIVITIES:			
Net increase (decrease) in checking, money market and savings accounts		272,065	(29,444)
Net increase (decrease) in certificates of deposit		108,279	(62,364)
Net increase in checking, money market and savings accounts			
Net increase in checking, money market and savings accounts			
Net increase in certificates of deposit			
Purchase of treasury stock			
Purchase of treasury stock			
Purchase of treasury stock	Purchase of treasury stock	(6,659)	(1,671)

Cash dividends paid, common stock	Cash dividends paid, common stock	(11,038)	(8,861)
Cash dividends paid, preferred stock	Cash dividends paid, preferred stock	(3,226)	(3,226)
Proceeds from common stock offering, net of issuance costs		—	94,051
Net change in short- term borrowings	Net change in short- term borrowings	(132,396)	—
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		227,025	(11,515)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		76,300	(522,402)
Net change in short-term borrowings			
Net change in short-term borrowings			
NET CASH PROVIDED BY FINANCING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, Beginning	CASH AND CASH EQUIVALENTS, Beginning	106,285	732,198
CASH AND CASH EQUIVALENTS, Ending	CASH AND CASH EQUIVALENTS, Ending	\$182,585	\$209,796

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

Nine Months Ended September 30, 2023		Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
SUPPLEMENTAL	SUPPLEMENTAL				
DISCLOSURE	DISCLOSURE				
OF CASH FLOW	OF CASH FLOW				
INFORMATION:	INFORMATION:				
Cash paid during the period for:	Cash paid during the period for:				
Cash paid during the period for:					
Cash paid during the period for:					
Interest					
Interest					
Interest	Interest	\$71,007	\$13,878		
Income	Income				
taxes	taxes	8,577	12,743		

SUPPLEMENTAL	SUPPLEMENTAL
NONCASH	NONCASH
DISCLOSURES:	DISCLOSURES:
Transfers to other real estate owned	Transfers to other real estate owned
	\$ 625 \$ 520
Transfers to other real estate owned	
Transfers to other real estate owned	
Transfers from loans held for sale to loans held for investment	Transfers from loans held for sale to loans held for investment
	1,513 6,352
Transfers from loans held for investment to loans held for sale	Transfers from loans held for investment to loans held for sale
	166 —
Transfers from available-for-sale to held-to-maturity	
	— 220,757
Grant of restricted stock awards from treasury stock	
Grant of restricted stock awards from treasury stock	
Grant of restricted stock awards from treasury stock	Grant of restricted stock awards from treasury stock
	2,743 986
Grant of performance based restricted stock awards from treasury stock	Grant of performance based restricted stock awards from treasury stock
	111 173
Restricted stock forfeiture	Restricted stock forfeiture
	90 30
Contribution of stock from treasury stock	
	— 44
Lease liabilities arising from obtaining right-of-use assets	
Lease liabilities arising from obtaining right-of-use assets	
Lease liabilities arising from obtaining right- of-use assets	Lease liabilities arising from obtaining right- of-use assets
	5,001 9,066

See Notes to Condensed Consolidated Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE RULES

REFINITIV CORPORATE DISCLOSURES | www.refinitiv.com | Contact Us

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REFINITIV 

Nature of Operations

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

Basis of Presentation

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

In the opinion of management of the registrant, the accompanying condensed consolidated financial statements as of **September 30, 2023** **March 31, 2024** and for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial condition and the results of operations for the periods presented. The financial performance reported for the Corporation for the three and nine months ended **September 30, 2023** **March 31, 2024** is not necessarily indicative of the results to be expected for the full year.

This information should be read in conjunction with the Corporation's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** (the "2022" "2023 Form 10-K"). Certain amounts appearing in the condensed consolidated financial statements and notes thereto for prior periods may be reclassified to conform with the current presentation. If there are reclassifications, the reclassifications had no effect on net income or shareholders' equity as previously reported. Dollar amounts in tables are stated in thousands, except for per share amounts.

Use of Estimates

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

Operating Segments

While the Corporation's **chief operating decision 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 **segments** divisions are aggregated into one as operating results for all segments are similar. Accordingly, all of the financial services operations are considered by management to be aggregated in one reportable operating segment.

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Goodwill Assessment

The Corporation's policy is to test goodwill for impairment annually on **December 31** **November 30** or on an interim basis if an event triggering impairment may have occurred. During the nine months ended **September 30, 2023**, Management evaluated current conditions and concluded there have been no significant changes in the economic uncertainty and market volatility resulting from environment or future projections since the rising interest rate environment and the recent banking industry stresses resulted in a decrease in the Corporation's stock price and market capitalization. Management believed such a decrease was a triggering indicator requiring an interim annual goodwill impairment analysis. At **September 30, 2023**, the Corporation elected to perform a qualitative assessment to determine if it was more likely than not test performed as of **November 30, 2023** and therefore, believes that the fair value exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value exceeded its carrying value, resulting in **there is no impairment** **impairment as of March 31, 2024**. Management will continue to evaluate the economic conditions at future reporting periods for any potential applicable changes.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in 2022

In December 2022, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2022-06 - Reference Rate Reform (Topic 848). ASU 2022-06 extends 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 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 No. 2021-08, "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." This ASU requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, "Revenue from Contracts with Customers." ASU 2021-08 was effective for the Corporation on January 1, 2023 and did not have a material impact on its condensed consolidated financial statements and related disclosures.

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

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

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In July 2023, FASB issued ASU No. 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from 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 EITF 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 Emerging Issues Task Force ("EITF") EITF Meeting; and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulation S-X: Income or Loss Applicable to Common Stock. The updates were effective immediately. These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

Accounting Standards Adopted in 2024

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

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

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

These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

Accounting Pronouncements Pending Adoption

In 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 No. 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 No. 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 August 2023, FASB issued ASU No. 2023-05, "Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." ASU 2023-05 requires certain joint ventures to apply a new basis of accounting upon formation by recognizing and initially measuring most of their assets and liabilities at fair value. The objectives of the amendments are to provide decision-useful information to investors and other allocators of capital in a joint venture's financial statements and also to reduce diversity in practice. ASU 2023-05 should be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. Early adoption is permitted, and joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. The Corporation is evaluating the effect that ASU 2023-05 will have on its **condensed consolidated financial statements and related disclosures**.

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

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

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

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

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

[Securities and Exchange Commission \("SEC"\) Disclosure Rules](#)

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

3. SECURITIES

Debt securities available-for-sale ("AFS") at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

September 30, 2023				March 31, 2024			
		Allowance					
Amortized	Unrealized	For	Fair	Amortized	Unrealized	Allowance For	Fair

		Credit					Cost	Gains	Losses	Credit Losses	Value
		Cost	Gains	Losses	Credit Losses	Value					
U.S.	U.S.										
Government	Government										
sponsored	sponsored										
entities	entities	\$ 3,887	\$ —	\$ (62)	\$ —	\$ 3,825					
State &	State &										
political	political										
subdivisions	subdivisions	106,651	—	(18,215)	—	88,436					
Residential	Residential										
& multi-	& multi-										
family	family										
mortgage	mortgage	233,464	—	(44,355)	—	189,109					
Corporate	Corporate										
notes &	notes &										
bonds	bonds	48,639	4	(5,737)	—	42,906					
Pooled SBA	Pooled SBA	12,047	—	(1,201)	—	10,846					
Total	Total	\$404,688	\$ 4	\$ (69,570)	\$ —	\$335,122					
	Total										
	Total										

		December 31, 2022					December 31, 2023					Fair	
		Amortized	Unrealized	For	Fair	Allowance	Amortized	Unrealized	Allowance For	Cost	Gains	Losses	
		Cost	Gains	Losses	Credit	Cost	Gains	Losses	Cost	Gains	Losses	Credit Losses	Value
U.S.	U.S.												
Government	Government												
sponsored	sponsored												
entities	entities	\$ 3,213	\$ —	\$ (84)	\$ —	\$ 3,129							
State &	State &												
political	political												
subdivisions	subdivisions	112,734	24	(17,095)	—	95,663							
Residential	Residential												
& multi-	& multi-												
family	family												
mortgage	mortgage	256,111	—	(38,564)	—	217,547							
Corporate	Corporate												
notes &	notes &												
bonds	bonds	47,111	—	(4,720)	—	42,391							
Pooled SBA	Pooled SBA	13,823	—	(1,144)	—	12,679							
Total	Total	\$432,992	\$ 24	\$ (61,607)	\$ —	\$371,409							
	Total												
	Total												

Debt securities held-to-maturity ("HTM") at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

		September 30, 2023					March 31, 2024					Fair	
		Amortized	Unrealized	For	Fair	Allowance	Amortized	Unrealized	Allowance For	Cost	Gains	Losses	
		Cost	Gains	Losses	Credit	Cost	Gains	Losses	Cost	Gains	Losses	Credit Losses	Value

U.S.	U.S.			
Government	Government			
sponsored	sponsored			
entities	entities	\$302,871	\$ —	\$(26,628)
				\$ —
				\$ 276,243
Residential	Residential			
& multi-	& multi-			
family	family			
mortgage	mortgage	88,430	—	(12,604)
				—
				75,826
Total	Total	\$391,301	\$ —	\$(39,232)
				\$ —
				\$352,069
	Total			
	Total			

		December 31, 2022				December 31, 2023			
		Allowance							
		Amortized	Unrealized	For	Fair	Amortized	Unrealized	Allowance For	Fair
		Cost	Gains	Losses	Credit Losses	Cost	Gains	Losses	Credit Losses
					Value				Value
U.S.	U.S.								
Government	Government								
sponsored	sponsored								
entities	entities	\$307,711	\$ —	\$(27,276)	\$ —	\$280,435			
Residential	Residential								
& multi-	& multi-								
family	family								
mortgage	mortgage	97,054	—	(10,101)	—	86,953			
Total	Total	\$404,765	\$ —	\$(37,377)	\$ —	\$367,388			
	Total								
	Total								

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

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

	Proceeds	Gross Gains	Gross Losses
Three months ended September 30, 2023	\$ —	\$ —	\$ —
Three months ended September 30, 2022	—	—	—
Nine months ended September 30, 2023	13,151	52	—
Nine months ended September 30, 2022	22,164	651	—

	Proceeds	Gross Gains	Gross Losses
Three months ended March 31, 2024	\$ —	\$ —	\$ —
Three months ended March 31, 2023	9,659	22	—

The tax provision related to these net realized gains was zero for the three months ended March 31, 2024 and \$115 thousand for the three and nine months ended September 30, 2023 and zero and \$137 thousand for the three and nine months ended September 30, 2022, respectively. March 31, 2023.

The table below illustrates the maturity distribution of debt securities at amortized cost and fair value as of September 30, 2023 March 31, 2024:

	Available-for-sale		Held-to-maturity		
	Amortized	Fair	Amortized	Fair	
	Cost	Value	Cost	Value	
Available-for-sale		Available-for-sale		Held-to-maturity	
Amortized		Amortized		Amortized	
Cost		Cost		Cost	
1 year or less	1 year or less	\$ 10,533	\$ 10,388	\$ 53,827	\$ 52,288
1 year – 5 years	1 year – 5 years	43,540	40,467	203,661	186,750
5 years – 10 years	5 years – 10 years	82,397	68,505	45,383	37,205
After 10 years	After 10 years	22,707	15,807	—	—
		159,177	135,167	302,871	276,243
		172,766			
Residential & multi-family mortgage	Residential & multi-family mortgage	233,464	189,109	88,430	75,826
Pooled SBA	Pooled SBA	12,047	10,846	—	—
Total debt securities	Total debt securities	\$404,688	\$335,122	\$391,301	\$352,069
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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, securities carried at **\$470.9 million** **\$492.4 million** and **\$561.8 million** **\$489.0 million**, respectively, were pledged to secure public deposits and for other purposes as provided by law.

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there were no holdings of securities of any one issuer, other than the U.S. Government sponsored entities, in an amount greater than 10% of shareholders' equity. The Corporation's residential and multi-family mortgage securities are issued by government sponsored entities.

AFS debt securities with unrealized losses at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

September 30, 2023 **March 31, 2024**

Description of Securities	Less than 12 Months						Less than 12 Months						12 Months or More						Total						
	Months		12 Months or More		Total		Months		12 Months or More		Total		Months		12 Months or More		Total		Months		12 Months or More		Total		
	Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Description of Securities	Fair Value	Unrealized Loss
U.S. Government sponsored entities	U.S. Government sponsored entities	\$ 389	\$ (5)	\$ 1,536	\$ (57)	\$ 1,925	\$ (62)																		
State & political subdivisions	State & political subdivisions	2,944	(20)	85,246	(18,195)	88,190	(18,215)																		
Residential & multi-family mortgage	Residential & multi-family mortgage	210	(6)	188,812	(44,349)	189,022	(44,355)																		
Corporate notes and bonds	Corporate notes and bonds	1,770	(230)	40,477	(5,507)	42,247	(5,737)																		

Pooled SBA	Pooled SBA	—	—	10,754	(1,201)	10,754	(1,201)
		\$ 5,313	\$ (261)	\$ 326,825	\$ (69,309)	\$ 332,138	\$ (69,570)
		\$					
		\$					
		\$					

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December 31, 2022 2023

		Less than 12 Months		12 Months or More		Total		Less than 12 Months		12 Months or More		Total	
		Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
		Value	Loss	Value	Loss	Value	Loss	Value	Loss	Value	Loss	Value	Loss
U.S.	U.S.												
Government	Government												
sponsored	sponsored												
entities	entities	\$ 3,129	\$ (84)	\$ —	\$ —	\$ 3,129	\$ (84)						
State & political subdivisions	State & political subdivisions	34,667	(1,887)	54,546	(15,208)	89,213	(17,095)						
Residential & multi-family mortgage	Residential & multi-family mortgage	48,996	(3,122)	168,551	(35,442)	217,547	(38,564)						
Corporate notes and bonds	Corporate notes and bonds	31,730	(3,403)	10,661	(1,317)	42,391	(4,720)						
Pooled SBA	Pooled SBA	5,107	(314)	7,572	(830)	12,679	(1,144)						
		\$123,629	\$ (8,810)	\$241,330	\$ (52,797)	\$364,959	\$ (61,607)						
		\$	\$	\$	\$	\$	\$						
		—	—	—	—	—	—						
		\$	\$	\$	\$	\$	\$						
		—	—	—	—	—	—						
		\$	\$	\$	\$	\$	\$						

HTM debt securities with unrealized losses at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

September 30, 2023 March 31, 2024

December 31, 2022 2023

		Less than 12 Months			12 Months or More			Total		Less than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
		U.S.	U.S.	Government sponsored entities	Residential & multi-family mortgage	24,132	(2,253)	62,821	(7,848)	86,953	(10,101)	167,688	(12,316)	199,700	(25,061)
		\$		\$		\$		\$		\$		\$		\$	
		=		=		=		=		=		=		=	
		\$		\$		\$		\$		\$		\$		\$	
		=		=		=		=		=		=		=	
		\$		\$		\$		\$		\$		\$		\$	
		=		=		=		=		=		=		=	

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, management performed an assessment for possible impairment related to credit losses of the Corporation's debt securities, relying on information obtained from various sources, including publicly available financial data, ratings by external agencies, brokers and other sources. Based on the results of the assessment, management believes there is no credit related impairment of these debt securities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, management concluded the debt securities described in the previous paragraphs were not impaired for reasons due to credit quality for the following reasons:

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

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

Equity securities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Corporate equity securities	Corporate securities	Corporate securities	Corporate securities	Corporate securities
Mutual funds	Mutual funds	Mutual funds	Mutual funds	Mutual funds
	\$ 5,327	\$ 6,973	\$ 2,086	\$ 1,406

Money market funds	Money market funds	865	479
Corporate notes	Corporate notes	670	757
Total	Total \$	<u>8,948</u>	<u>\$ 9,615</u>
	Total		
	Total		

4. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Total net loans receivable at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** are summarized as follows:

		September 30, 2023	Percentage of Total	December 31, 2022	Percentage of Total			March 31, 2024	Percentage of Total	December 31, 2023	Percentage of Total
Farmland	Farmland	\$ 32,794	0.7 %	\$ 32,168	0.8 %	Farmland		\$ 31,145	0.7 %	\$ 31,869	0.7 %
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	494,526	11.0	468,493	11.0						
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	1,118	—	1,198	—						
Commercial and Industrial	Commercial and Industrial	730,542	16.3	791,911	18.5						
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	153,722	3.4	145,345	3.4						
Other loans	Other loans	43,082	1.0	24,710	0.6						
Other construction loans and all land development and other	Other construction loans and all land development and other										
land loans	land loans	461,931	10.3	446,685	10.5						
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	268,432	6.0	257,696	6.0						
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	908,520	20.2	795,315	18.6						
1-4 Family Construction	1-4 Family Construction	54,700	1.2	51,171	1.2						
Home equity lines of credit	Home equity lines of credit	124,970	2.8	124,892	2.9						
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	992,562	22.1	942,531	22.0						

Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	91,250	2.0	74,638	1.7				
Other revolving credit plans	Other revolving credit plans	44,476	1.0	36,372	0.9				
Automobile	Automobile	26,077	0.6	21,806	0.5				
Other consumer	Other consumer	50,507	1.1	49,144	1.1				
Credit cards	Credit cards	12,638	0.3	10,825	0.3				
Overdrafts	Overdrafts	327	—	278	—				
Total loans receivable	Total loans receivable	\$ 4,492,174	100.0 %	\$ 4,275,178	100.0 %	Total loans receivable	\$ 4,431,398	100.0 %	\$ 4,468,476
Less: Allowance for credit losses	Less: Allowance for credit losses	(45,832)		(43,436)					
Loans receivable, net	Loans receivable, net	\$ 4,446,342		\$ 4,231,742					
Loans receivable, net	Loans receivable, net								
Net deferred loan origination fees included in the above table	Net deferred loan origination fees included in the above table								
Net deferred loan origination fees included in the above table	Net deferred loan origination fees included in the above table								
Net deferred loan origination fees included in the above table	Net deferred loan origination fees included in the above table	\$ 3,335		\$ 4,463					

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

Syndicated loans, net of deferred fees and costs, are included in the commercial and industrial classification and totaled \$123.1 million and \$156.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

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Transactions in the allowance for credit losses for the three months ended September 30, 2023 March 31, 2024 were as follows:

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable ⁽¹⁾	Ending Allowance
	Beginning				
	Allowance				
	Beginning				
	Allowance				
	Beginning				
	Allowance				
Farmland					
Farmland					

Farmland	Farmland	\$ 140	\$ —	\$ —	\$ (15)	\$ 125
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	3,151	—	8	789	3,948
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						
Commercial and Industrial	Commercial and Industrial	8,659	(80)	42	(1,142)	7,479
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	2,306	—	—	321	2,627
Other loans	Other loans	733	—	—	(214)	519
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						
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,613	—	—	537	2,150
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						
1-4 Family Construction	1-4 Family Construction	408	—	—	(11)	397
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	969	(10)	1	(156)	804
Residential	Residential					
Mortgages secured by first liens	Mortgages secured by first liens	9,250	(15)	—	(1,241)	7,994
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	1,578	—	—	(59)	1,519
Other revolving credit plans	Other revolving credit plans	931	(40)	4	97	992
Other revolving credit plans						
Automobile						
Automobile	Automobile	376	(23)	—	13	366
Other consumer	Other consumer	2,561	(423)	23	481	2,642
Other consumer						
Credit cards						
Credit cards	Credit cards	72	(23)	7	24	80
Overdrafts	Overdrafts	221	(153)	32	227	327
Total		\$ 45,541	\$ (855)	\$ 123	\$ 1,023	\$ 45,832
Overdrafts						
Overdrafts						
Total loans						
Total loans						
Total loans						

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

Transactions in the allowance for credit losses for the **nine three** months ended **September 30, 2023** **March 31, 2023** were as follows:

		Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable ⁽¹⁾	Ending Allowance
		Beginning				
		Allowance				
		Beginning				
		Allowance				
		Beginning				
		Allowance				
Farmland						
Farmland						
Farmland	Farmland	\$ 159	\$ —	\$ —	\$ (34)	\$ 125
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,905	(26)	23	1,046	3,948
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	6	—	—	(2)	4
Commercial and Industrial	Commercial and Industrial	9,766	(126)	187	(2,348)	7,479

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	1,863	—	—	764	2,627
Other loans	Other loans	456	—	—	63	519
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	3,253	—	—	705	3,958
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	2,353	(65)	2	(140)	2,150
Multifamily (5 or more) residential properties						
Multifamily (5 or more) residential properties						
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	7,653	(336)	6	2,578	9,901
1-4 Family Construction	1-4 Family Construction	327	—	—	70	397
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	1,173	(10)	4	(363)	804
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	8,484	(22)	3	(471)	7,994
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	1,035	—	—	484	1,519
Other revolving credit plans	Other revolving credit plans	722	(98)	21	347	992
Other revolving credit plans						
Automobile						

Automobile						
Automobile	Automobile	271	(33)	—	128	366
Other consumer	Other consumer	2,665	(1,405)	97	1,285	2,642
Other consumer						
Other consumer						
Credit cards						
Credit cards						
Credit cards	Credit cards	67	(103)	14	102	80
Overdrafts	Overdrafts	278	(451)	111	389	327
Total		\$ 43,436	\$ (2,675)	\$ 468	\$ 4,603	\$ 45,832
Overdrafts						
Overdrafts						
Total loans						
Total loans						
Total loans						

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

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Transactions in the allowance for credit losses for the three months ended September 30, 2022 were as follows:

	Beginning		Provision (Benefit) for		
	Allowance	(Charge-offs)	Recoveries	Credit Losses on Loans	Ending Allowance
Farmland	\$ 191	\$ —	\$ —	\$ (8)	\$ 183
Owner-occupied, nonfarm nonresidential properties	3,714	—	3	(272)	3,445
Agricultural production and other loans to farmers	7	—	—	(2)	5
Commercial and Industrial	9,555	—	32	(21)	9,566
Obligations (other than securities and leases) of states and political subdivisions	1,665	—	—	97	1,762
Other loans	167	—	—	(2)	165
Other construction loans and all land development and other land loans	2,328	—	—	208	2,536
Multifamily (5 or more) residential properties	2,277	—	—	(171)	2,106
Non-owner occupied, nonfarm nonresidential properties	6,748	(169)	336	215	7,130
1-4 Family Construction	236	—	—	(56)	180
Home equity lines of credit	1,353	—	1	26	1,380
Residential Mortgages secured by first liens	7,664	(4)	1	198	7,859
Residential Mortgages secured by junior liens	628	—	—	338	966
Other revolving credit plans	598	(28)	12	58	640
Automobile	242	(7)	2	27	264
Other consumer	2,704	(404)	22	437	2,759
Credit cards	110	(15)	25	(33)	87
Overdrafts	356	(152)	35	(3)	236
Total loans	\$ 40,543	\$ (779)	\$ 469	\$ 1,036	\$ 41,269

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

Transactions in the allowance for credit losses for the nine months ended September 30, 2022 were as follows:

	Beginning		Provision (Benefit) for		
	Allowance	(Charge-offs)	Recoveries	Credit Losses on Loans	Ending Allowance
Farmland	\$ 151	\$ —	\$ —	\$ 32	\$ 183

Owner-occupied, nonfarm nonresidential properties	3,339	(21)	12	115	3,445
Agricultural production and other loans to farmers	9	—	—	(4)	5
Commercial and Industrial	8,837	(85)	123	691	9,566
Obligations (other than securities and leases) of states and political subdivisions	1,649	—	—	113	1,762
Other loans	149	—	—	16	165
Other construction loans and all land development and other land loans	2,198	—	—	338	2,536
Multifamily (5 or more) residential properties	2,289	—	—	(183)	2,106
Non-owner occupied, nonfarm nonresidential properties	6,481	(169)	336	482	7,130
1-4 Family Construction	158	—	—	22	180
Home equity lines of credit	1,169	—	11	200	1,380
Residential Mortgages secured by first liens	6,943	(51)	13	954	7,859
Residential Mortgages secured by junior liens	546	—	—	420	966
Other revolving credit plans	528	(73)	46	139	640
Automobile	263	(20)	2	19	264
Other consumer	2,546	(1,174)	63	1,324	2,759
Credit cards	92	(74)	33	36	87
Overdrafts	241	(398)	109	284	236
Total loans	\$ 37,588	\$ (2,065)	\$ 748	\$ 4,998	\$ 41,269

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

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

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For the three and nine months ended September 30, 2023 March 31, 2024, the allowance for credit losses increased due to the remained unchanged. The growth in the Corporation's loan portfolio including growth in new market areas. This areas was partially offset by improvements in the Corporation's historical loss rates, as well as the impact of net charge-offs. There is still a significant amount of Significant uncertainty related to persists regarding the domestic and global economy, tightening credit conditions, persistent inflation, and higher interest rates. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Provision for credit losses was \$1.1 million and \$4.8 \$1.3 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to \$1.1 million and \$5.6 \$1.3 million for the three and nine months ended September 30, 2022, respectively. Included in the provision for credit losses for the three and nine months ended September 30, 2023 March 31, 2024 was \$33 a benefit of \$24 thousand and \$148 thousand, respectively, related to the allowance for unfunded commitments compared to \$55 thousand and \$641 \$59 thousand provision towards the allowance for unfunded commitments for the three and nine months ended September 30, 2022 March 31, 2023, respectively.

The following tables presents present the amortized cost basis of loans receivable on nonaccrual status and loans receivable past due over 89 days still accruing as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively:

September 30, 2023					
	Loans				
	Nonaccrual	Receivable	With No	Past Due	
	Allowance	over 89	for Credit	Days Still	
	Nonaccrual	Loss	Accruing		
March 31, 2024					
	Nonaccrual		Nonaccrual	Nonaccrual With No Allowance for Credit Loss	
	Farmland	Farmland	\$ 929	\$ 929	\$ —
Farmland	Farmland	\$ 929	\$ 929	\$ —	
Owner-occupied, nonfarm nonresidential properties	nonresidential properties	2,983	1,798	—	
Commercial and Industrial	Commercial and Industrial	5,152	4,705	—	
Commercial and Industrial					
March 31, 2024					
				Loans Receivable Past Due over 89 Days Still Accruing	

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	Other construction			
loans and all	loans and all			
land	land			
development	development			
and other	and other			
land loans	land loans	1,613	64	—
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	305	305	—
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	9,855	7,232	—
Home equity lines of credit				
Home equity lines of credit				
Home equity lines of credit	Home equity lines of credit	566	566	—
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	4,717	4,297	134
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	128	128	—
Other revolving credit plans	Other revolving credit plans	32	32	—
Automobile	Automobile	22	22	—
Other consumer	Other consumer	763	763	—
Credit cards	Credit cards	—	—	97
Total	Total	\$ 27,065	\$ 20,841	\$ 231
Total				
Total				

December 31, 2022					December 31, 2023					December 31, 2023				
Loans					Nonaccrual Receivable					Nonaccrual With No Allowance for Credit Loss				
Nonaccrual					With No Past Due					Loans Receivable Past Due over 89 Days Still Accruing				
With No Past Due					Allowance over 89 Days Still									
Allowance over 89 Days Still					Nonaccrual Loss Accruing									
Farmland	Farmland	\$ 1,011	\$ 1,011	\$ 994	Nonaccrual	Nonaccrual	Nonaccrual	With No	Past Due	Nonaccrual With No Allowance for Credit Loss	Nonaccrual	Nonaccrual	Nonaccrual	Nonaccrual

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	Total	\$ 20,986	\$ 14,293	\$ 1,121
Total				
Total				

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

The following table presents the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of **September 30, 2023** **March 31, 2024**:

		Real	Non-Real				
		Estate	Estate				
		Collateral	Collateral				
			Real Estate				
			Collateral		Real Estate Collateral		
Farmland	Farmland	\$ 763	\$ —				
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	6,898	4				
Commercial and Industrial	Commercial and Industrial	5,488	1,681				
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	1,549	—				
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	305	—				
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	8,858	—				
Home equity lines of credit							
Home equity lines of credit							
Home equity lines of credit	Home equity lines of credit	317	—				
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	1,087	—				
Total	Total	\$ 25,265	\$ 1,685				
Total							
Total							

The following table presents the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of **December 31, 2022** **December 31, 2023**:

		Real	Non-Real		
		Estate	Estate		
		Collateral	Collateral		
			Real Estate		
			Collateral		Real Estate Collateral
Farmland	Farmland	\$ 829	\$ —		

Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	1,296	4
Commercial and Industrial	Commercial and Industrial	—	1,904
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	501	—
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,066	—
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	5,874	—
Home equity lines of credit			
Home equity lines of credit			
Home equity lines of credit	Home equity lines of credit	335	—
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	1,150	—
Total	Total	\$ 11,051	\$ 1,908
Total			
Total			

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The following table presents the aging of the amortized cost basis in past-due loans receivable as of September 30, 2023 March 31, 2024 by class of loans:

	Greater									
	30 - 59			60 - 89			Than 89			
	Days Past Due	Days Due	Days Due	Days Past	Days Past	Days Past	Total Past	Not Past Due	Due	Loans Receivable
	Days Past Due	Days Due	Days Due	Days Past	Days Past	Days Past	Total Past	Not Past Due	Due	Total
	30 - 59						30 - 59	60 - 89	Greater Than 89	
Farmland	Farmland	\$ 182	\$ —	\$ 129	\$ 311	\$ 32,483	\$ 32,794	Days Past Due	Days Past Due	Days Past Due
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	642	623	1,463	2,728	491,798	494,526	Total Past Due	Loans Receivable	Not Past Due

Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	—	—	—	—	1,118	1,118
Commercial and Industrial	Commercial and Industrial	341	157	334	832	729,710	730,542
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	153,722	153,722
Other loans	Other loans	—	—	—	—	43,082	43,082
Other construction loans and all land development and other	Other construction loans and all land development and other	—	42	1,613	1,655	460,276	461,931
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	—	305	—	305	268,127	268,432
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	219	—	8,247	8,466	900,054	908,520
1-4 Family	1-4 Family	—	—	—	—	54,700	54,700
Construction	Construction	—	—	—	—	54,700	54,700
Home equity lines of credit	Home equity lines of credit	926	168	20	1,114	123,856	124,970
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	2,382	1,271	1,641	5,294	987,268	992,562
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	47	—	90	137	91,113	91,250
Other revolving credit plans	Other revolving credit plans	29	39	7	75	44,401	44,476
Automobile	Automobile	106	87	11	204	25,873	26,077
Other consumer	Other consumer	456	227	361	1,044	49,463	50,507
Credit cards	Credit cards	1,255	53	97	1,405	11,233	12,638
Overdrafts	Overdrafts	—	—	—	—	327	327
Total	Total	\$6,585	\$2,972	\$14,013	\$23,570	\$4,468,604	\$4,492,174

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The following table presents the aging of the amortized cost basis in past-due loans receivable as of December 31, 2022 December 31, 2023 by class of loans:

Greater						
60 - Than						
30 - 59 89 89 Loans						
Days	Days	Days	Total	Receivable		
Past	Past	Past	Past	Not Past		
Due	Due	Due	Due	Due	Total	

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

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The following table presents the amortized cost basis of loans at **September 30, 2023** **March 31, 2024** that were both experiencing financial difficulty and modified during the three months ended **September 30, 2023** **March 31, 2024**, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

		Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment	Delay and Term Extension	Total Class of Financing Receivable
		Principal Forgiveness						
		Principal Forgiveness						
		Principal Forgiveness						
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	\$ —	\$ 760	\$ —	\$ —	\$ —	\$ —	0.2 %
Owner-occupied, nonfarm nonresidential properties								
Owner-occupied, nonfarm nonresidential properties								
Commercial and Industrial								
Commercial and Industrial								
Commercial and Industrial								
Non-owner occupied, nonfarm nonresidential properties		—	6,215	—	—	—	785	0.8 %
Total	Total	\$ —	\$ 6,975	\$ —	\$ —	\$ —	\$ 785	0.2 %
Total								
Total								

The following table presents the amortized cost basis of loans at **September 30, 2023** **March 31, 2023** that were both experiencing financial difficulty and modified during the **nine** three months ended **September 30, 2023** **March 31, 2023**, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

		Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment	Delay and Term Extension	Total Class of Financing Receivable
		Principal Forgiveness						
		Principal Forgiveness						
		Principal Forgiveness						
Owner-occupied, nonfarm nonresidential properties								
Owner-occupied, nonfarm nonresidential properties								
Owner-occupied, nonfarm nonresidential properties								
Commercial and Industrial	Commercial and Industrial	\$ —	\$ 6,010	\$ —	\$ —	\$ —	\$ —	1.2 %
Commercial and Industrial			7,870	554	333	113		1.2

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								
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	—	6,215	—	—	785	0.8	
Total	Total	\$ —	\$ 20,095	\$ 554	\$ 333	\$ 898	0.5	%
Total								
Total								

The Corporation has approximately \$167 thousand in had no unfunded available credit to customers whose loan receivables are included in the previous tables.

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

The following table presents the performance of such loans that have been modified during the three twelve months ended September 30, 2023 March 31, 2024:

	Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	30 - 59 Days Past Due		60 - 89 Days Past Due		Greater Than 89 Days Past Due		Total Past Due
			Current	Current	Current	Current	Current	Current	
			Current	Current	Current	Current	Current	Current	
Commercial and Industrial									
Commercial and Industrial									
Commercial and Industrial									
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	785	—	—	—	6,215	6,215	6,215	
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties								
Residential Mortgages secured by first liens									
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							
Total	Total	\$ 849	\$ —	\$ —	\$ 6,911	\$ 6,911	
Total							
Total							

The following table presents the performance of such loans that have been modified during the **nine****three** months ended **September 30, 2023****March 31, 2023**:

		Current	Current	Current	30 - 59	60 - 89	Greater Than 89	
		Current	Days Past Due	Days Past Due	Days Past Due	Days Past Due	Total Past Due	
Owner-occupied, nonfarm nonresidential properties								
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	\$ 5,314	\$ —	\$ —	\$ 696	\$ 696	\$ 696	
Commercial and Industrial	Commercial and Industrial	8,870	—	—	—	—	—	—
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								
Non-owner occupied, nonfarm nonresidential properties								
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	785	—	—	—	6,215	6,215	6,215
Total	Total	\$ 14,969	\$ —	\$ —	\$ 6,911	\$ 6,911	\$ 6,911	
Total								
Total								

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The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three months ended **September 30, 2023****March 31, 2024**:

			Weighted Average		
			Principal Forgiveness	Term Extension (in years)	Weighted Average
					Interest Rate Reduction
Non-owner occupied, nonfarm nonresidential properties	Commercial and Industrial		\$ —	1.00	— %
Total			\$ —	1.00	— %

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the **nine** **three** months ended **September 30, 2023** **March 31, 2023**:

	Principal Forgiveness	Weighted Average	Weighted Average
	Principal Forgiveness	Term Extension (in years)	Interest Rate Reduction
Commercial and Industrial			
Commercial and Industrial			
Commercial and Industrial			
	Principal Forgiveness	Weighted Average	Weighted Average
	Principal Forgiveness	Term Extension (in years)	Interest Rate Reduction
Non-owner occupied, nonfarm nonresidential properties			
Commercial and Industrial	\$ —	1.00	0.5 %
Non-owner occupied, nonfarm nonresidential properties			
Non-owner occupied, nonfarm nonresidential properties	—	1.00	—
Total	\$ —	1.00	0.5 %
Total			
Total			

The following table presents the amortized cost basis of loans that had a payment default during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension
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	\$ —	\$ —

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension
Owner-occupied, nonfarm nonresidential properties	\$ —	\$ 308	\$ —	\$ —	\$ —
Commercial and Industrial	—	—	—	301	—
Total	\$ —	\$ 308	\$ —	\$ 301	\$ —

There were no loans that had a payment default during the three months ended March 31, 2023 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

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

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

As of December 31, 2022, 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 TDRs of \$12.4 million as of December 31, 2022. The Corporation has allocated \$2.2 million of allowance for those loans as of December 31, 2022.

There was one loan modified as a TDR during the three months ended September 30, 2022:

	Three Months Ended September 30, 2022		
	Pre-Modification	Post-Modification	Type of Modification
Number of Loans	Outstanding Recorded Investment	Outstanding Recorded Investment	

Commercial and Industrial	1	\$ 96	\$ 96	Extend Amortization
Total	1	\$ 96	\$ 96	

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There were two loans modified as a TDR during the nine months ended September 30, 2022:

	Nine Months Ended September 30, 2022				
	Number of Loans	Pre-Modification		Post-Modification	
		Outstanding	Recorded Investment	Outstanding	Recorded Investment
Commercial and Industrial	1	\$ 96		\$ 96	Extend Amortization
Non-owner occupied, nonfarm nonresidential properties	1		1,784		Modify Rate and Extend
Total	2	\$ 1,880		\$ 1,880	Amortization

The TDRs described above increased the allowance for credit losses by an immaterial amount for the three and nine months ended September 30, 2022.

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 modified as TDRs for which there was a payment default within a twelve-month cycle following the modification during the three and nine months ended September 30, 2022. There were no principal balances forgiven in connection with the loans restructurings.

As discussed above, effective for January 1, 2023, the Corporation adopted prospectively Accounting Standard Update 2022-02, which eliminated the separate recognition and measurement guidance for TDRs by creditors.

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.

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

September 30, 2023					
Non-Pass Rated					
Pass	Special Mention	Substandard	Doubtful	Total Non- Pass	Total
March 31, 2024					March 31, 2024
Pass	Non-Pass Rated				

		Pass						Special Mention	Substandard	Doubtful	Total Non-Pass	Total
		Pass										
Farmland	Farmland	\$ 31,683	\$ 182	\$ 929	\$ —	\$ 1,111	\$ 32,794					
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	461,070	21,846	11,610	—	33,456	494,526					
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	1,118	—	—	—	—	1,118					
Commercial and Industrial	Commercial and Industrial	683,830	30,924	14,597	1,191	46,712	730,542					
Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	140,389	13,333	—	—	13,333	153,722					
Other loans	Other loans	43,082	—	—	—	—	43,082					
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	455,011	5,307	1,613	—	6,920	461,931					
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	267,632	—	800	—	800	268,432					
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	882,563	1,487	24,470	—	25,957	908,520					
Total	Total	\$2,966,378	\$73,079	\$ 54,019	\$ 1,191	\$128,289	\$3,094,667					
Total												
Total												

December 31, 2022												
Non-Pass Rated												
Total												
		Special						Non-Pass				
		Pass	Mention	Substandard	Doubtful			Pass				Total
December 31, 2023												
Non-Pass Rated												
Pass												
Pass												
Pass												
Special Mention												
Substandard												
Doubtful												
Total Non-Pass												
Farmland	Farmland	\$ 29,706	\$ 1,450	\$ 1,012	\$ —	\$ 2,462	\$ 32,168					
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	433,467	27,796	7,230	—	35,026	468,493					
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	1,198	—	—	—	—	1,198					
Commercial and Industrial	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	Obligations (other than securities and leases) of states and political subdivisions	145,345	—	—	—	—	145,345
Other loans	Other loans	24,710	—	—	—	—	24,710
Other construction loans and all land development and other land loans	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	Multifamily (5 or more) residential properties	256,120	510	1,066	—	1,576	257,696
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	772,450	2,791	20,074	—	22,865	795,315
Total	Total	\$2,872,117	\$48,583	\$ 41,508	\$ 1,313	\$91,404	\$2,963,521
Total	Total						

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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 **September 30, 2023** **March 31, 2024**. Current period originations may include modifications.

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost	Revolving Loans Converted to Term	Total
	2023		2022		2021		2020	2019	Prior	
	Farmland	Risk rating	Pass	Special mention	Substandard	Total	Current period gross write offs	Current period gross write offs	Basis	
Risk rating										
Pass	\$ 3,088	\$ 11,601	\$ 7,321	\$ 1,474	\$ 831	\$ 6,928	\$ 440	\$ —	\$ 31,683	
Special mention	—	—	—	—	—	—	182	—	—	182
Substandard	—	—	306	—	—	623	—	—	—	929
Total	\$ 3,088	\$ 11,601	\$ 7,627	\$ 1,474	\$ 831	\$ 7,733	\$ 440	\$ —	\$ 32,794	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Owner-occupied, nonfarm nonresidential properties										
Risk rating										
Pass	\$ 54,399	\$ 121,809	\$ 105,563	\$ 45,267	\$ 46,542	\$ 77,245	\$ 10,245	\$ —	\$ 461,070	
Special mention	—	3,108	1,191	13,620	412	334	3,181	—	—	21,846
Substandard	—	—	696	308	6,816	3,620	170	—	—	11,610
Total	\$ 54,399	\$ 124,917	\$ 107,450	\$ 59,195	\$ 53,770	\$ 81,199	\$ 13,596	\$ —	\$ 494,526	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26	\$ —	\$ —	26
Agricultural production and other loans to farmers										
Risk rating										
Pass	\$ 81	\$ 44	\$ 92	\$ 68	\$ 5	\$ 162	\$ 666	\$ —	\$ 1,118	
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—
Total	\$ 81	\$ 44	\$ 92	\$ 68	\$ 5	\$ 162	\$ 666	\$ —	\$ 1,118	

Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Commercial and Industrial														
Risk rating														
Pass	\$	68,653	\$	147,302	\$	160,124	\$	37,836	\$	7,759	\$	18,437	\$	243,719
Special mention	—	—	7,584	—	3,180	—	6,310	—	58	—	20	—	13,772	—
Substandard	—	—	253	—	2,828	—	614	—	3,497	—	2,318	—	5,087	—
Doubtful ⁽¹⁾	—	—	—	1,191	—	—	—	—	—	—	—	—	—	1,191
Total	\$	68,653	\$	155,139	\$	167,323	\$	44,760	\$	11,314	\$	20,775	\$	262,578
Current period gross write offs	\$	50	\$	—	\$	—	\$	—	\$	—	\$	76	\$	—
Obligations (other than securities and leases) of states and political subdivisions														
Risk rating														
Pass	\$	23,561	\$	16,969	\$	32,123	\$	12,556	\$	4,276	\$	46,460	\$	4,444
Special mention	—	—	—	—	—	—	—	—	—	—	—	13,333	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$	23,561	\$	16,969	\$	32,123	\$	12,556	\$	4,276	\$	59,793	\$	4,444
Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Other loans														
Risk rating														
Pass	\$	3,065	\$	12,099	\$	5,307	\$	1,925	\$	296	\$	—	\$	20,390
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$	3,065	\$	12,099	\$	5,307	\$	1,925	\$	296	\$	—	\$	20,390
Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

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

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Term Loans Amortized Cost Basis by Origination Year										Revolving				Revolving			
										Loans	Revolving	Amortized	Loans	Cost	Converted	Cost	Converted
										Basis	to Term	Total	Total	to Term	Total	to Term	Total
2023										2023	2022	2021	2020	Prior	Amortized Cost Basis	Converted to Term	Total
Other construction loans and all land development and other land loans																	
Term Loans Amortized Cost Basis by Origination Year																	
										2024							
										2024							
										2024							
2023										2023	2022	2021	2020	Prior	Amortized Cost Basis	Converted to Term	Total
Farmland																	
Risk rating																	
Risk rating																	
Pass																	
Pass																	
Pass	Pass	\$	81,675	\$	240,639	\$	97,364	\$	20,642	\$	6,378	\$	1,380	\$	6,933	\$	—
Special mention	Special mention	—	5,307	—	—	—	—	—	—	—	—	—	—	—	5,307	—	
Substandard	Substandard	—	—	—	—	—	—	—	—	—	64	—	—	—	1,613	—	

Total	Total	\$ 81,675	\$ 245,946	\$ 97,364	\$ 20,642	\$ 7,927	\$ 1,380	\$ 6,997	\$ —	\$ 461,931
Total										
Total										
Current period										
gross write										
offs										
Multifamily (5 or more) residential properties										
Owner-occupied, nonfarm nonresidential properties										
Owner-occupied, nonfarm nonresidential properties										
Owner-occupied, nonfarm nonresidential properties										
Risk rating										
Risk rating										
Risk rating										
Pass										
Pass										
Pass	Pass	\$ 40,505	\$ 96,888	\$ 44,058	\$ 44,901	\$ 11,167	\$ 29,164	\$ 949	\$ —	\$ 267,632
Special mention	Special mention	—	—	—	—	—	—	—	—	—
Substandard	Substandard	305	—	—	—	—	495	—	—	800
Total	Total	\$ 40,810	\$ 96,888	\$ 44,058	\$ 44,901	\$ 11,167	\$ 29,659	\$ 949	\$ —	\$ 268,432
Total										
Total										
Current period										
gross write										
offs										
Non-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										
Risk rating										
Risk rating										
Risk rating										
Pass										
Pass										
Pass	Pass	\$ 193,128	\$ 298,199	\$ 156,405	\$ 43,005	\$ 55,259	\$ 129,140	\$ 7,427	\$ —	\$ 882,563
Special mention	Special mention	—	351	—	—	—	700	436	—	1,487
Substandard	Substandard	782	1,396	488	6,215	3,283	10,588	1,718	—	24,470
Total	Total	\$ 193,910	\$ 299,946	\$ 156,893	\$ 49,220	\$ 58,542	\$ 140,428	\$ 9,581	\$ —	\$ 908,520
Total										
Total										
Current period										
gross write										
offs										
Commercial and Industrial										
Commercial and Industrial										
Commercial and Industrial										
Risk rating										
Risk rating										
Risk rating										

Pass
Pass
Pass
Special mention
Substandard
Total
Total
Total
Current period
gross write offs
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
Risk rating
Risk rating
Risk rating
Pass
Pass
Pass
Special mention
Substandard
Total
Total
Total
Current period
gross write offs
Other loans
Other loans
Other loans
Risk rating
Risk rating
Risk rating
Pass
Pass
Pass
Special mention
Substandard
Total
Total
Total
Current period
gross write offs

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	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior				
Other construction loans and all land development and other land loans										
Risk rating										
Pass	\$ 19,659	\$ 131,605	\$ 284,697	\$ 70,597	\$ 10,266	\$ 7,089	\$ 7,250	\$ —	\$ 531,163	
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	1,505	62	—	—	1,567
Total	\$ 19,659	\$ 131,605	\$ 284,697	\$ 70,597	\$ 10,266	\$ 8,594	\$ 7,312	\$ —	\$ 532,730	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Multifamily (5 or more) residential properties										
Risk rating										
Pass	\$ 573	\$ 37,297	\$ 90,986	\$ 62,477	\$ 21,574	\$ 29,817	\$ 500	\$ —	\$ 243,224	
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	2,140	—	—	2,759	—	—	—	—	4,899
Total	\$ 573	\$ 39,437	\$ 90,986	\$ 62,477	\$ 24,333	\$ 29,817	\$ 500	\$ —	\$ 248,123	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Non-owner occupied, nonfarm nonresidential properties										
Risk rating										
Pass	\$ 9,141	\$ 198,263	\$ 295,587	\$ 149,332	\$ 38,517	\$ 171,997	\$ 5,873	\$ —	\$ 868,710	
Special mention	—	—	—	—	1,859	676	430	—	—	2,965
Substandard	—	774	1,126	488	5,911	5,666	1,696	—	—	15,661
Total	\$ 9,141	\$ 199,037	\$ 296,713	\$ 149,820	\$ 46,287	\$ 178,339	\$ 7,999	\$ —	\$ 887,336	
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—

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** **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
	2022	2021	2020	2019	2018	Prior				
Farmland										
Risk rating										
Pass	\$ 12,321	\$ 7,635	\$ 1,536	\$ 871	\$ 3,277	\$ 3,523	\$ 543	\$ —	\$ 29,706	
Special mention	—	—	—	—	—	1,450	—	—	—	1,450
Substandard	—	347	—	—	142	523	—	—	—	1,012
Total	\$ 12,321	\$ 7,982	\$ 1,536	\$ 871	\$ 3,419	\$ 5,496	\$ 543	\$ —	\$ 32,168	
Owner-occupied, nonfarm nonresidential properties										
Risk rating										
Pass	\$ 116,701	\$ 113,575	\$ 50,226	\$ 55,040	\$ 25,327	\$ 60,810	\$ 11,788	\$ —	\$ 433,467	
Special mention	3,402	—	15,613	872	4,097	814	2,998	—	—	27,796
Substandard	—	—	355	1,864	862	4,149	—	—	—	7,230
Total	\$ 120,103	\$ 113,575	\$ 66,194	\$ 57,776	\$ 30,286	\$ 65,773	\$ 14,786	\$ —	\$ 468,493	
Agricultural production and other loans to farmers										

Risk rating													
Pass	\$	105	\$	140	\$	80	\$	42	\$	179	\$	—	\$
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$	105	\$	140	\$	80	\$	42	\$	179	\$	—	\$
	1,198		1,198		1,198		1,198		1,198		1,198		1,198
Commercial and Industrial													
Risk rating													
Pass	\$	195,955	\$	213,433	\$	51,695	\$	16,730	\$	9,051	\$	19,116	\$
Special mention	241	—	—	6,691	—	273	—	81	—	45	—	7,409	—
Substandard	299	—	1,809	689	—	379	—	324	—	913	—	5,624	—
Doubtful ⁽¹⁾	—	—	1,313	—	—	—	—	—	—	—	—	—	1,313
Total	\$	196,495	\$	216,555	\$	59,075	\$	17,382	\$	9,456	\$	20,074	\$
	791,911		791,911		791,911		791,911		791,911		791,911		791,911
Obligations (other than securities and leases) of states and political subdivisions													
Risk rating													
Pass	\$	20,840	\$	37,527	\$	13,868	\$	4,584	\$	13,518	\$	50,050	\$
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$	20,840	\$	37,527	\$	13,868	\$	4,584	\$	13,518	\$	50,050	\$
	145,345		145,345		145,345		145,345		145,345		145,345		145,345
Other loans													
Risk rating													
Pass	\$	14,248	\$	5,358	\$	2,278	\$	363	\$	—	\$	—	\$
Special mention	—	—	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$	14,248	\$	5,358	\$	2,278	\$	363	\$	—	\$	—	\$
	24,710		24,710		24,710		24,710		24,710		24,710		24,710

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

	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans		Revolving Loans		
								Amortized Cost	Converted to			
	2023	2022	2021	2020	2019	Prior	Basis	Term	Total			
Farmland												
Risk rating												
Pass	\$	3,153	\$	11,393	\$	6,845	\$	1,465	\$	815	\$	
Special mention	—	—	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	306	—	—	—	777	—	—	—	
Total	\$	3,153	\$	11,393	\$	7,151	\$	1,465	\$	815	\$	
	31,869		31,869		31,869		31,869		31,869		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	\$	
Special mention	320	—	1,304	—	1,180	—	13,623	—	407	210	3,133	—
Substandard	848	—	—	696	—	292	—	6,738	—	2,593	166	—
Total	\$	63,697	\$	123,026	\$	105,574	\$	58,201	\$	52,894	\$	
	493,064		493,064		493,064		493,064		493,064		493,064	
Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	26	\$	
Agricultural production and other loans to farmers												
Risk rating												
Pass	\$	703	\$	34	\$	89	\$	60	\$	5	\$	
Special mention	—	—	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	—	—	
Total	\$	703	\$	34	\$	89	\$	60	\$	5	\$	
	1,652		1,652		1,652		1,652		1,652		1,652	

Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—				
Commercial and Industrial																		
Risk rating																		
Pass																		
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																		
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																		
Pass	\$	3,649	\$	12,211	\$	5,289	\$	1,809	\$	288	\$	—	\$	2,261	\$	—	\$	25,507
Special mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Total	\$	3,649	\$	12,211	\$	5,289	\$	1,809	\$	288	\$	—	\$	2,261	\$	—	\$	25,507
Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

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Term Loans Amortized Cost Basis by Origination Year														
Revolving														
Loans														
Amortized														
Loans														
Cost														
Basis														
Prior														
Total														
Term Loans Amortized Cost Basis by Origination Year														
2023														
2023														
2023														
Revolving Loans														
Revolving Loans														
2022														
2021														
2020														
2019														
Prior														
Amortized Cost Basis														
Converted to Term														
Total														
Other	Other													
construction	construction													
loans and all	loans and all													
land	land													
development	development													
and other land	and other land													
loans	loans													
Risk rating	Risk rating													
Risk rating														
Risk rating														
Pass	Pass	\$272,118	\$ 86,894	\$ 56,782	\$ 6,918	\$ 8,644	\$ 916	\$ 11,028	\$ —	\$ 443,300				
Special	Special													
mention	mention	1,296	—	—	—	—	—	—	—	—	—	—	—	1,296

Substandard	Substandard	—	2,023	—	—	—	—	66	—	2,089
Total	Total	\$273,414	\$ 88,917	\$56,782	\$ 6,918	\$ 8,644	\$ 916	\$ 11,094	\$ —	\$446,685
Total										
Total										
Current period										
gross write										
offs										
Multifamily (5 or more) residential properties										
Multifamily (5 or more) residential properties										
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	—	—	—	—	—	—	—	—	—
Risk rating	Risk rating									
Risk rating										
Risk rating										
Pass	Pass									
Pass	Pass	\$114,454	\$ 49,794	\$46,784	\$11,854	\$ 6,764	\$ 23,841	\$ 2,629	\$ —	\$256,120
Special mention	Special mention	—	—	—	—	—	510	—	—	510
Substandard	Substandard	643	—	—	—	333	90	—	—	1,066
Total	Total	\$115,097	\$ 49,794	\$46,784	\$11,854	\$ 7,097	\$ 24,441	\$ 2,629	\$ —	\$257,696
Total										
Total										
Current period										
gross write										
offs										
Non-owner occupied, nonfarm nonresidential properties										
Non-owner occupied, nonfarm nonresidential properties										
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	—	—	—	—	—	—	—	—	—
Risk rating	Risk rating									
Risk rating										
Risk rating										
Pass	Pass									
Pass	Pass	\$339,151	\$153,613	\$51,709	\$66,592	\$45,211	\$107,988	\$ 8,186	\$ —	\$772,450
Special mention	Special mention	—	488	—	273	498	1,068	464	—	2,791
Substandard	Substandard	2,227	800	—	4,090	1,314	9,587	2,056	—	20,074
Total	Total	\$341,378	\$154,901	\$51,709	\$70,955	\$47,023	\$118,643	\$ 10,706	\$ —	\$795,315
Total										
Total										
Current period										
gross write										
offs										

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.

						March 31, 2024			March 31, 2024			March 31, 2024			December 31, 2023								
						Performing			Nonperforming			Total			Performing			Nonperforming			Total		
						September 30, 2023			December 31, 2022														
						Performing	Nonperforming	Total	Performing	Nonperforming	Total												
1-4 Family Construction																							
1-4 Family Construction																							
1-4 Family	1-4 Family																						
Construction	Construction	\$	54,700	\$	—	\$	54,700	\$	51,171	\$	—	\$	51,171										
Home equity	Home equity																						
lines of credit	lines of credit																						
Residential	Residential																						
Mortgages	Mortgages																						
secured by first liens	secured by first liens																						
Residential	Residential																						
Mortgages	Mortgages																						
secured by junior liens	secured by junior liens																						
Other revolving credit plans	Other revolving credit plans																						
Automobile	Automobile																						
Other consumer	Other consumer																						
Total	Total	\$	1,378,180	\$	6,362	\$	1,384,542	\$	1,294,785	\$	5,769	\$	1,300,554										
Total	Total																						

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The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of **September 30, 2023** **March 31, 2024**. Current period originations may include modifications.

Term Loans Amortized Cost Basis by Origination Year												Revolving					
												Loans	Revolving	Amortized	Loans		
												Cost	Converted	Basis	to Term	Total	
2023	2022	2021	2020	2019	Prior												
2024																	
2024																	
2024																	
1-4 Family Construction	1-4 Family Construction																
Payment performance	Payment performance																
Payment performance	Payment performance																
Performing	Performing																
Performing	Performing																

Performing	Performing	\$ 18,085	\$ 23,345	\$ 10,499	\$ 1,209	\$ 705	\$ 59	\$ 798	\$ —	\$ 54,700
Nonperforming	Nonperforming	—	—	—	—	—	—	—	—	—
Total	Total	\$ 18,085	\$ 23,345	\$ 10,499	\$ 1,209	\$ 705	\$ 59	\$ 798	\$ —	\$ 54,700
Current period	Current period	—	—	—	—	—	—	—	—	—
gross write offs	gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Home equity lines of credit	Home equity lines of credit	—	—	—	—	—	—	—	—	—
Home equity lines of credit	Home equity lines of credit	—	—	—	—	—	—	—	—	—
Payment performance	Payment performance	—	—	—	—	—	—	—	—	—
Payment performance	Payment performance	—	—	—	—	—	—	—	—	—
Performing	Performing	—	—	—	—	—	—	—	—	—
Performing	Performing	\$ 15,085	\$ 34,068	\$ 12,757	\$ 9,826	\$ 7,537	\$ 33,347	\$ 7,025	\$ 4,759	\$ 124,404
Nonperforming	Nonperforming	—	—	—	—	—	14	—	552	566
Total	Total	\$ 15,085	\$ 34,068	\$ 12,757	\$ 9,826	\$ 7,537	\$ 33,361	\$ 7,025	\$ 5,311	\$ 124,970
Current period	Current period	—	—	—	—	—	—	—	—	—
gross write offs	gross write offs	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ —	\$ 10
Residential mortgages secured by first lien	Residential mortgages secured by first lien	—	—	—	—	—	—	—	—	—
Residential mortgages secured by first lien	Residential mortgages secured by first lien	—	—	—	—	—	—	—	—	—
Payment performance	Payment performance	—	—	—	—	—	—	—	—	—
Payment performance	Payment performance	—	—	—	—	—	—	—	—	—
Performing	Performing	—	—	—	—	—	—	—	—	—
Performing	Performing	\$ 117,554	\$ 227,592	\$ 206,943	\$ 148,130	\$ 81,920	\$ 202,405	\$ 3,167	\$ —	\$ 987,711
Nonperforming	Nonperforming	86	41	1,042	230	536	2,723	193	—	4,851
Total	Total	\$ 117,640	\$ 227,633	\$ 207,985	\$ 148,360	\$ 82,456	\$ 205,128	\$ 3,360	\$ —	\$ 992,562
Current period	Current period	—	—	—	—	—	—	—	—	—
gross write offs	gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22	\$ —	\$ —	\$ 22
Residential mortgages secured by junior liens	Residential mortgages secured by junior liens	—	—	—	—	—	—	—	—	—
Residential mortgages secured by junior liens	Residential mortgages secured by junior liens	—	—	—	—	—	—	—	—	—
Payment performance	Payment performance	—	—	—	—	—	—	—	—	—
Payment performance	Payment performance	—	—	—	—	—	—	—	—	—
Performing	Performing	—	—	—	—	—	—	—	—	—
Performing	Performing	\$ 26,611	\$ 27,835	\$ 14,604	\$ 7,409	\$ 4,039	\$ 9,394	\$ 1,230	\$ —	\$ 91,122
Nonperforming	Nonperforming	—	39	—	—	—	46	43	—	128
Total	Total	\$ 26,611	\$ 27,874	\$ 14,604	\$ 7,409	\$ 4,039	\$ 9,440	\$ 1,273	\$ —	\$ 91,250
Current period	Current period	—	—	—	—	—	—	—	—	—
gross write offs	gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other revolving credit plans	Other revolving credit plans	—	—	—	—	—	—	—	—	—

Other revolving credit plans																						
Other revolving credit plans																						
Payment performance	Payment performance																					
Payment performance																						
Payment performance																						
Performing	Performing																					
Performing	Performing	\$ 8,991	\$ 7,826	\$ 2,771	\$ 11,352	\$ 1,645	\$ 11,859	\$ —	\$ —	\$ 44,444												
Nonperforming	Nonperforming	—	—	—	—	5	27	—	—	—	32											
Total	Total	\$ 8,991	\$ 7,826	\$ 2,771	\$ 11,352	\$ 1,650	\$ 11,886	\$ —	\$ —	\$ 44,476												
Current period	Current period																					
gross write offs	gross write offs	\$ —	\$ —	\$ 50	\$ 4	\$ 11	\$ 33	\$ —	\$ —	\$ 98												
Automobile	Automobile																					
Automobile	Automobile																					
Payment performance	Payment performance																					
Payment performance	Payment performance																					
Performing	Performing																					
Performing	Performing	\$ 11,413	\$ 7,654	\$ 3,009	\$ 1,783	\$ 1,273	\$ 923	\$ —	\$ —	\$ 26,055												
Nonperforming	Nonperforming	—	7	—	7	8	—	—	—	—	22											
Total	Total	\$ 11,413	\$ 7,661	\$ 3,009	\$ 1,790	\$ 1,281	\$ 923	\$ —	\$ —	\$ 26,077												
Current period	Current period																					
gross write offs	gross write offs	\$ —	\$ 18	\$ —	\$ 8	\$ 7	\$ —	\$ —	\$ —	\$ 33												
Other consumer	Other consumer																					
Other consumer	Other consumer																					
Payment performance	Payment performance																					
Payment performance	Payment performance																					
Performing	Performing																					
Performing	Performing	\$ 20,983	\$ 15,172	\$ 6,925	\$ 3,472	\$ 1,584	\$ 1,608	\$ —	\$ —	\$ 49,744												
Nonperforming	Nonperforming	200	400	85	12	23	43	—	—	—	763											
Total	Total	\$ 21,183	\$ 15,572	\$ 7,010	\$ 3,484	\$ 1,607	\$ 1,651	\$ —	\$ —	\$ 50,507												
Current period	Current period																					
gross write offs	gross write offs	\$ 37	\$ 874	\$ 372	\$ 86	\$ 24	\$ 12	\$ —	\$ —	\$ 1,405												

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The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of **December 31, 2022** **December 31, 2023**. **Current** The current period originations may include **modifications, modifications, extensions and renewals**.

	Term Loans Amortized Cost Basis by Origination Year						Prior Basis	Revolving Loans Amortized Cost	Revolving Loans Converted to Term	Total
	2022	2021	2020	2019	2018	Prior				
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

		September 30, 2023	December 31, 2022	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis			Revolving Loans Converted to Term		Total
				2023	2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total	
1-4 Family Construction															
Payment performance	Payment performance														
Payment performance	Payment performance														
Performing	Performing	Performing	Performing	\$ 12,541	\$ 10,817										
Nonperforming	Nonperforming	97	8												
Total	Total	\$ 12,638	\$ 10,825												
Current period gross write offs	Current period gross write offs	\$ 103													
Home equity lines of credit															

Home equity lines of credit
Home equity lines of credit
Payment performance
Payment performance
Payment performance
Performing
Performing
Performing
Nonperforming
Total
Current period
gross write offs
Residential mortgages secured by first lien
Residential mortgages secured by first lien
Residential mortgages secured by first lien
Payment performance
Payment performance
Payment performance
Performing
Performing
Performing
Nonperforming
Total
Current period
gross write offs
Residential mortgages secured by junior liens
Residential mortgages secured by junior liens
Residential mortgages secured by junior liens
Payment performance
Payment performance
Payment performance
Performing
Performing
Performing
Nonperforming
Total
Current period
gross write offs
Other revolving credit plans
Other revolving credit plans
Other revolving credit plans
Payment performance
Payment performance
Payment performance
Performing
Performing
Performing
Nonperforming
Total
Current period
gross write offs

Automobile	
Automobile	
Automobile	
Payment performance	
Payment performance	
Payment performance	
Performing	
Performing	
Performing	
Nonperforming	
Total	
Current period	
gross write offs	
Other consumer	
Other consumer	
Other consumer	
Payment performance	
Payment performance	
Payment performance	
Performing	
Performing	
Performing	
Nonperforming	
Total	
Current period	
gross write offs	

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	March 31, 2024	December 31, 2023
Credit card		
Payment performance		
Performing	\$ 12,634	\$ 11,753
Nonperforming	49	32
Total	<u>12,683</u>	<u>11,785</u>
Current period gross write offs	<u>29</u>	<u>189</u>

Holiday's loan portfolio, included in other consumer loans above, is summarized as follows at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023	December 31, 2022	
	March 31, 2024		March 31, 2024
Gross other consumer	\$ 30,812	\$ 31,821	
Less: other consumer	(5,667)	(5,972)	
unearned discounts	(5,667)	(5,972)	December 31, 2023

Total	Total
other	other
consumer	consumer
loans, net	loans, net
of	of
unearned	unearned
discounts	discounts \$ 25,145 \$ 25,849

5. LEASES

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

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

		September December					
Leases	Leases	Classification	30, 2023	31, 2022	Leases	Classification	
Assets:	Assets:						March 31, 2024
Operating lease assets							December 31, 2023
Operating lease assets							
Operating lease assets	Operating lease assets	Operating lease assets	\$ 36,065	\$ 32,307			
Finance lease assets	Finance lease assets	Premises and equipment,					
assets	assets	net (1)	232	286			
Total leased assets	Total leased assets		\$ 36,297	\$ 32,593			
Liabilities:	Liabilities:						
Liabilities:	Liabilities:						
Operating lease liabilities							
Operating lease liabilities							
Operating lease liabilities	Operating lease liabilities	Operating lease liabilities	\$ 37,998	\$ 33,726			
Finance lease liabilities	Finance lease liabilities	payable and other					
liabilities	liabilities	liabilities	316	383			
Total leased liabilities	Total leased liabilities		\$ 38,314	\$ 34,109			

^(a) Finance lease assets are recorded net of accumulated amortization of \$984 thousand \$1.0 million as of September 30, 2023 March 31, 2024 and \$930 thousand \$1.0 million as of December 31, 2022 December 31, 2023.

The components of the Corporation's net lease expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, respectively, were as follows:

Lease Cost	Classification	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Operating lease cost	Net occupancy expense	\$ 745	\$ 577	\$ 2,224	\$ 1,635
Variable lease cost	Net occupancy expense	27	14	71	44
Finance lease cost:					
Amortization of leased assets	Net occupancy expense	18	18	54	54
Interest on lease liabilities	Interest expense - borrowed funds	4	5	12	15
Sublease income ⁽¹⁾	Net occupancy expense	(20)	(23)	(66)	(56)
Net lease cost		\$ 774	\$ 591	\$ 2,295	\$ 1,692

Lease Cost	Classification	Three Months Ended March 31,	
		2024	2023
Operating lease cost	Net occupancy expense	\$ 742	\$ 697
Variable lease cost	Net occupancy expense	27	22
Finance lease cost:			
Amortization of leased assets	Net occupancy expense	18	18
Interest on lease liabilities	Interest expense - borrowed funds	3	4
Sublease income ⁽¹⁾	Net occupancy expense	(24)	(23)
Net lease cost		\$ 766	\$ 718

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

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The following table sets forth future minimum rental payments under noncancelable leases with initial terms in excess of one year as of September 30, 2023 March 31, 2024:

Maturity of Lease	
Liabilities as of	
September 30,	Operating Finance
2023	Leases ⁽¹⁾ Leases Total
2023 \$ 843 \$ 26 \$ 869	
Maturity	
of Lease	
Liabilities	
as of	
March	
31, 2024	
Maturity of Lease Liabilities as of March 31, 2024	
	Operating Leases ⁽¹⁾ Finance Leases Total
2024 2024 2,554 105 2,659	
2025 2025 2,579 105 2,684	
2026 2026 2,567 105 2,672	
2027 2027 2,543 — 2,543	
After 2027 50,239 — 50,239	
2028	
After	
2028	
Total lease payments	Total lease payments 61,325 341 61,666
Less: Interest	Less: Interest 23,327 25 23,352

Present	Present		
value of	value of		
lease	lease		

liabilities	liabilities	\$ 37,998	\$ 316	\$38,314
-------------	-------------	-----------	--------	----------

(a) Operating lease payments include payments related to options to extend lease terms that are reasonably certain of being exercised and exclude \$4.8 million \$8.6 million of legally binding minimum lease payments for leases signed, but not yet commenced.

Lease terms and discount rates related to the Corporation's lease liabilities as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

Lease Term and Discount Rate	September 30, 2023	December 31, 2022	Lease Term and Discount Rate	March 31, 2024	December 31, 2023
Weighted-average remaining lease term (years)	Weighted-average remaining lease term (years)				
Operating leases	Operating leases	23.2	23.9		
Operating leases					
Finance leases	Finance leases	3.3	4.0	22.7	23.0
Weighted-average discount rate	Weighted-average discount rate			2.7	3.0
Weighted-average discount rate					
Operating leases					
Operating leases					
Operating leases	Operating leases	4.05 %	3.83 %	4.06 %	4.05 %
Finance leases	Finance leases	4.49 %	4.49 %	4.49 %	4.49 %

Other information related to the Corporation's lease liabilities as of **September 30, 2023** **March 31, 2024** and **2022** **2023**, respectively, was as follows:

Other Information	Other Information	September 30, 2023	September 30, 2022	Other Information	March 31, 2024	March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities	Cash paid for amounts included in the measurement of lease liabilities					
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 from operating leases	\$ 869	\$ 888
Operating cash flows from operating leases		
Operating cash flows from operating leases		

6. DEPOSITS

The following table reflects time certificates of deposit accounts included in total deposits and their remaining maturities at **September 30, 2023** **March 31, 2024**:

Time deposits maturing:	Time deposits maturing:	\$	
2023			82,668
Time deposits maturing:			
Time deposits maturing:			
2024			
2024			
2024	2024		378,980
2025	2025		73,075
2026	2026		9,081
2027	2027		6,616
2028			
Thereafter	Thereafter		4,320
		\$	554,740
		\$	

Certificates of deposits of \$250 thousand or more totaled **\$101.2** **\$104.2** million and **\$135.4** **\$100.2** million at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

The Corporation had **\$265.8** **\$206.8** million in brokered deposits as of **September 30, 2023** **March 31, 2024** compared to **\$24.1** **\$208.3** million at **December 31, 2022** **December 31, 2023**. In addition, the Corporation had **\$595.7** **\$784.8** million and **\$4.6** **\$739.3** million in reciprocal deposits at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

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7. BORROWINGS

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Corporation had available one \$10.0 million unsecured line of credit with an unaffiliated institution. Borrowings under the line of credit bear interest at a variable rate equal to the Secured Overnight Finance Rate ("SOFR") plus 2.85%. There were no borrowings under the line of credit at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

FHLB Borrowings

The Bank has the ability to borrow funds from the Federal Home Loan Bank ("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 reprises 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 **receivable** pledged to the FHLB at **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023** were \$1.8 billion and **\$1.6** **\$1.8** billion, respectively. The Bank could obtain advances of up to approximately **\$988.5** **\$995.1** million from the FHLB at **September 30, 2023** **March 31, 2024** and **\$757.8** **\$993.8** million at **December 31, 2022** **December 31, 2023**.

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, outstanding advances from the FHLB were as follows.

	September 30, 2023	March 31, 2024	December 31, 2022	2023
Open Repo borrowing at an interest rate of 5.67% and 5.68% at March 31, 2024 and 4.45% at September 30, 2023 and December 31, 2022 December 31, 2023, respectively. The maximum amount of the Open Repo borrowing available is \$250,000.	\$ —	\$ —	\$ 132,396	\$ 132,396
Total	\$ —	\$ —	\$ 132,396	\$ 132,396
Total	\$ —	\$ —	\$ 132,396	\$ 132,396

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, municipal deposit letters of credit issued by the FHLB on behalf of the Bank naming applicable municipalities as beneficiaries were **\$155.5** **\$158.0** million and **\$75.5** **\$155.7** million, respectively. The letters of credit were utilized in place of securities pledged to the municipalities for their deposits maintained at the Bank.

Federal Reserve Borrowings

In June 2023, the Bank was approved by the Federal Reserve Bank of Philadelphia (the **"Federal Reserve"** **"Federal Reserve"**) for its Borrower-in-Custody ("BIC") program. At **September 30, 2023** **March 31, 2024**, the Bank had borrowing capacity through the Federal Reserve BIC program of **\$190.4** **\$242.9** million. Borrowings under the BIC program are overnight advances with interest chargeable at the discount window **(****"primary credit"** **credit"**) borrowing rate. At **September 30, 2023** **March 31, 2024**, the Bank has pledged certain qualifying loans with an unpaid principal balance of **\$291.7** **\$258.6** million and securities with a carrying value of **\$10.0** **\$78.4** million as collateral.

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Bank had no borrowings from the Federal Reserve BIC program, discount window and no borrowings under the Federal Reserve's Bank Term Facility Program **("BTFP"** **"BTFP"**), which opened March 12, 2023.

Other Borrowings

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Bank had no outstanding borrowings from unaffiliated institutions under overnight borrowing agreements.

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Subordinated Debentures

In 2007, the Corporation issued two \$10.0 million floating rate trust preferred securities as part of a pooled offering of such securities. The interest rate on each offering was determined quarterly and floated based upon three-month LIBOR plus 1.55%. Effective September 15, 2023, the interest rate calculation method was revised. The interest rate is now determined quarterly, and floats based on the three-month SOFR plus a credit spread adjustment of 0.26161% plus 1.55%. This change reflects the transition from LIBOR to SOFR as the reference rate. The all-in rate was **7.22%** **7.14%** at **September 30, 2023** **March 31, 2024** and **6.32%** **7.20%** at **December 31, 2022** **December 31, 2023**. The Corporation issued subordinated debentures to the trusts in exchange for the proceeds of the offerings, which debentures represent the sole assets of the trusts. The subordinated debentures must be redeemed no later than 2037. The Corporation may redeem the debentures, in whole or in part, at face value at any time. The Corporation has the option to defer interest payments from time to time for a period not to exceed five consecutive years. Although the trusts are variable interest entities, the Corporation is not the primary beneficiary. As a result, because the trusts are not consolidated with the Corporation, the Corporation does not report the securities issued by the trusts as liabilities. Instead, the Corporation reports as liabilities the subordinated debentures issued by the Corporation and held by the trusts, since the liabilities are not eliminated in consolidation. The trust preferred securities were designated to qualify as Tier 1 capital under the Federal Reserve's capital guidelines.

Subordinated Notes

In June 2021, the Corporation sold \$85.0 million aggregate principal amount of its fixed-to-floating rate subordinated notes to eligible purchasers in a private offering in reliance on the exemption from the registration requirements of Section 4(a)(2) of the Securities Act and the provisions of Rule 506 of Regulation D thereunder. The notes will mature in June 2031, and initially bear interest at a fixed rate of 3.25% per annum, payable semi-annually in arrears, to, but excluding, June 15, 2026, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate will reset quarterly to an interest rate per annum equal to the then current three-month average SOFR plus 2.58%. The net proceeds from the sale were approximately \$83.5 million, after deducting offering expenses. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. The unamortized debt issuance costs were **\$0.8** **\$0.7** million and **\$1.0** **\$0.7** million as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

8. RELATED PARTY TRANSACTIONS

Some of the Corporation's directors, executive officers, and their related interests had transactions with the Bank in the ordinary course of business. All loan and deposit transactions were made on substantially the same terms, such as interest rates and collateral, as those prevailing at the time for comparable transactions. In the opinion of

management, these transactions do not involve more than the normal risk of collectability nor do they present other unfavorable features. It is anticipated that similar transactions will be entered into in the future.

Loans to principal officers, directors, and their affiliates during the three months ended **September 30, 2023** **March 31, 2024** were as follows:

Beginning balance	\$	40,519	40,129
New loans and advances		967	
Effect of changes in composition of related parties		(119)	
Repayments		(609)	(5,163)
Ending balance	\$	39,919	35,152

Loans to principal officers, directors, and their affiliates during the nine months ended **September 30, 2023** were as follows:

Beginning balance	\$	44,998	
New loans and advances		2,716	
Effect of changes in composition of related parties		(491)	
Repayments		(7,304)	
Ending balance	\$	39,919	

Deposits from directors, executive officers, and their affiliates were **\$9.2** **\$9.9** million and **\$13.7** **\$11.4** million at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

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9. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Financial Instruments with Off-Balance Sheet Risk

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

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Corporation did not own or trade other financial instruments with significant off-balance sheet risk including derivatives such as futures, forwards, option contracts and the like, although such instruments may be appropriate to use in the future to manage interest rate risk. See Note 12, "Derivative Instruments" for a description of interest rate derivatives entered into by the Corporation.

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

The Corporation's maximum obligation to extend credit for loan commitments (unfunded loans and unused lines of credit) and standby letters of credit outstanding as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
	Commitments	Commitments	Commitments	Commitments	Commitments	Commitments	Commitments	Commitments
to extended credit	to extended credit	\$ 117,790	\$ 429,686	\$ 126,594	\$ 441,008			
Unused lines of credit	Unused lines of credit	12,203	781,993	7,444	725,277			
Standby letters of credit	Standby letters of credit	17,429	1,963	16,124	1,603			

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

Allowance for Credit Losses on Unfunded Loan Commitments

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

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The following table presents activity in the allowance for credit losses on unfunded loan commitments for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively:

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Beginning balance	Beginning balance	\$ 718	\$ 586	\$ 603	\$ 0
Beginning balance					
Beginning balance					
Provision for credit losses on unfunded loan commitments ⁽¹⁾					
Provision for credit losses on unfunded loan commitments ⁽¹⁾					
Provision for credit losses on unfunded loan commitments ⁽¹⁾					
Provision for credit losses on unfunded loan commitments ⁽¹⁾	Provision for credit losses on unfunded loan commitments ⁽¹⁾	33	55	148	641
Ending balance	Ending balance	\$ 751	\$ 641	\$ 751	\$ 641
Ending balance					
Ending balance					

⁽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 ("SBIC") and other limited partnerships, reported in FHLB and other restricted stock holdings and investments on the condensed consolidated balance sheet, as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were **\$20.0** **\$22.2** million and **\$17.0** **\$21.7** million, respectively. Unfunded capital commitments in investments in SBIC's and other limited partnerships totaled **\$5.5** **\$6.3** million and **\$5.5** **\$6.8** million as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. These investments are accounted for 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 condensed consolidated balance sheet, as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were **\$4.0** **\$3.6** million and **\$4.5** **\$3.8** million, respectively. The related amortization for the three and nine months ended **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** was **\$185** **\$178** thousand and **\$558** thousand, respectively, and for the three and nine months ended **September 30, 2022** were **\$198** thousand and **\$593** **\$186** thousand, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the condensed consolidated balance sheets, as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were **\$796** **\$529** thousand and **\$1.0 million** **\$796 thousand**, respectively.

Litigation

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

10. STOCK COMPENSATION

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

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

At **September 30, 2023** **March 31, 2024**, there was no unrecognized compensation cost related to stock-based compensation awarded under this plan and, except for the time-based and performance-based restricted stock awards disclosed below and in previous filings, no other stock-based compensation was granted during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

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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 **\$350** **\$883** thousand and **\$1.3** million for the three and nine months ended **September 30, 2023** **March 31, 2024**, respectively, and **\$256** **\$616** thousand and **\$1.0** million for the three and nine months ended **September 30, 2022** **March 31, 2023**, respectively. The total income tax benefit related to the recognized compensation cost of vested restricted stock awards was **\$74** thousand and **\$275** **\$185** thousand for the three and nine months ended **September 30, 2023** **March 31, 2024**, respectively, and **\$54** thousand and **\$213** **\$129** thousand for the three and nine months ended **September 30, 2022** **March 31, 2023**, respectively.

A summary of changes in time-based unvested restricted stock awards for the three months ended **September 30, 2023** **March 31, 2024** follows:

		Shares	Per Share Weighted Average Grant Date Fair Value
Unvested at beginning of period		132,972	\$ 24.12
Granted		—	—
Forfeited		(1,393)	24.49
Vested		(1,362)	24.02
Unvested at end of period		130,217	\$ 24.11

A summary of changes in time-based unvested restricted stock awards for the nine months ended **September 30, 2023** follows:

	Shares	Per Share Weighted Average Grant Date Fair Value
	Shares	Per Share Weighted Average Grant Date Fair Value
Unvested	Unvested	
at	at	
beginning	beginning	
of period	of period	
Unvested	69,746	\$ 25.21
Granted	Granted	23.63
Forfeited	Forfeited	24.35
Forfeited		
Forfeited		
Vested	Vested	25.30
Unvested	Unvested	
at end of	at end of	
period	period	
Unvested	130,217	\$ 24.11

The above table excludes **14,510** **18,029** shares in restricted stock awards that were granted to the Corporation's Board of Directors at a weighted average fair value of **\$24.12** **\$21.35** and immediately vested. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there was **\$2.4 million** **\$4.1 million** and **\$1.2 million** **\$2.1 million**, respectively, of total unrecognized compensation cost related to **unvested restricted stock awards**, respectively, **non-vested shares granted under the 2019 Stock Incentive Plan**. The fair value of shares vested was **\$25 thousand** **\$1.4 million** during the three months ended **March 31, 2024**, and **\$963** **\$970 thousand** during the three and nine months ended **September 30, 2023**, respectively, and **\$31 thousand** and **\$1.0 million** during the three and nine months ended **September 30, 2022**, respectively. **March 31, 2023**.

In addition to the time-based restricted stock disclosed above, the Corporation's Board of Directors grants performance-based restricted stock awards ("PBRSA's") to key employees. The number of PBRSA's will depend on certain performance conditions earned over a three year period and are also subject to service-based vesting. In 2024, awards with a maximum of 29,992 shares in aggregate were granted to key employees. In 2023, awards with a maximum of 23,124 shares in aggregate were granted to key employees. In 2022, awards with a maximum of 13,761 shares in aggregate were granted to key employees. In 2021, awards with a maximum of 18,210 shares in aggregate were granted to key employees.

In 2022, the 2020 2021 PBRSA's were fully earned and in 2023, 4,118 2024, 9,667 shares were fully distributed. The fair value of the shares distributed in 2023 2024 was \$99 \$206 thousand.

11. EARNINGS PER COMMON SHARE

Basic earnings per common share is computed by dividing net income excluding net earnings allocated available to participating securities, common shareholders by the weighted average number of common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted average number of common shares determined for the basic computation plus the dilutive effect of potential common shares issuable under certain stock compensation plans. For the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, there were no outstanding stock options to include in the diluted earnings per common share calculations.

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

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

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022
Basic earnings per common share computation:	Basic earnings per common share computation:						
Basic earnings per common share computation:							
Basic earnings per common share computation:							
Net income per condensed consolidated statements of income							
Net income per condensed consolidated statements of income							
Net income per condensed consolidated statements of income	Net income per condensed consolidated statements of income	\$ 12,651	\$ 15,549	\$ 40,817	\$ 44,082		
Net earnings allocated to participating securities	Net earnings allocated to participating securities	(70)	(66)	(222)	(198)		
Net earnings allocated to participating securities							

Net earnings allocated to participating securities						
Net earnings allocated to common stock						
Net earnings allocated to common stock						
Net earnings allocated to common stock	Net earnings allocated to common stock	\$ 12,581	\$ 15,483	\$ 40,595	\$ 43,884	
Distributed earnings allocated to common stock	Distributed earnings allocated to common stock	\$ 3,645	\$ 2,936	\$ 10,969	\$ 8,815	
Distributed earnings allocated to common stock						
Distributed earnings allocated to common stock						
Undistributed earnings allocated to common stock						
Undistributed earnings allocated to common stock						
Undistributed earnings allocated to common stock	Undistributed earnings allocated to common stock	8,936	12,547	29,626	35,069	
Net earnings allocated to common stock	Net earnings allocated to common stock	\$ 12,581	\$ 15,483	\$ 40,595	\$ 43,884	
Net earnings allocated to common stock						
Net earnings allocated to common stock						
Weighted average common shares outstanding, including shares considered participating securities						
Weighted average common shares outstanding, including shares considered participating securities						
Weighted average common shares outstanding, including shares considered participating securities	Weighted average common shares outstanding, including shares considered participating securities	20,969	17,324	21,048	17,024	
Less: Average participating securities	Less: Average participating securities	(109)	(70)	(109)	(73)	
Less: Average participating securities						
Less: Average participating securities						
Weighted average shares						
Weighted average shares	Weighted average shares	20,860	17,254	20,939	16,951	
Basic earnings per common share	Basic earnings per common share	\$ 0.60	\$ 0.90	\$ 1.94	\$ 2.59	
Basic earnings per common share						
Basic earnings per common share						
Diluted earnings per common share computation:						
Diluted earnings per common share computation:						
Diluted earnings per common share	Diluted earnings per common share					
Net earnings allocated to common stock	Net earnings allocated to common stock	\$ 12,581	\$ 15,483	\$ 40,595	\$ 43,884	
Net earnings allocated to common stock						

Net earnings allocated to common stock					
Weighted average common shares outstanding					
for basic earnings per common share					
Weighted average common shares outstanding					
for basic earnings per common share					
Weighted average common shares outstanding for basic earnings per common share	Weighted average common shares outstanding for basic earnings per common share	20,860	17,254	20,939	16,951
Add: Dilutive effect of stock compensation	Add: Dilutive effect of stock compensation	40	34	40	33
Add: Dilutive effect of stock compensation					
Add: Dilutive effect of stock compensation					
Weighted average shares and dilutive potential common shares					
Weighted average shares and dilutive potential common shares					
Weighted average shares and dilutive potential common shares	Weighted average shares and dilutive potential common shares	20,900	17,288	20,979	16,984
Diluted earnings per common share	Diluted earnings per common share	\$ 0.60	\$ 0.90	\$ 1.94	\$ 2.59
Diluted earnings per common share					
Diluted earnings per common share					

12. DERIVATIVE INSTRUMENTS

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

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Corporation does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges.

The following tables provide information about the amounts and locations of activity related to the interest rate swaps designated as cash flow hedges within the Corporation's condensed consolidated **balance sheets and** **statements of income as of September 30, 2023 and December 31, 2022 and for the three and nine months ended September 30, 2023** **March 31, 2024 and 2022:**

	Balance Sheet Location	Fair value as of	
		September 30, 2023	December 31, 2022
Interest rate contracts	Accrued interest receivable (payable) and other assets (liabilities)	\$ —	\$ 150

2023:

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For the Three Months Ended September 30, 2023	(a)	(b)	(c)	(d)	(e)
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For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2024		(a)	(b)	(c)	(d)	(e)
Interest rate	Interest rate	Interest expense – subordinated notes	Other					
contracts	contracts	\$ (51)	and debentures	\$ (55)	income	\$—		
For the Nine Months Ended September 30, 2023	(a)	(b)	(c)	(d)	(e)			
For the Three Months Ended March 31, 2023								
For the Three Months Ended March 31, 2023								
For the Three Months Ended March 31, 2023								
Interest rate	Interest rate	Interest expense – subordinated notes	Other					
contracts	contracts	\$ (119)	and debentures	\$ (151)	income	\$—		
For the Three Months Ended September 30, 2022	(a)	(b)	(c)	(d)	(e)			
Interest rate		Interest expense –						
contracts		subordinated notes	Other					
	\$ 88	and debentures	\$ (26)	income	\$—			
For the Nine Months Ended September 30, 2022	(a)	(b)	(c)	(d)	(e)			
Interest rate		Interest expense –						
contracts		subordinated notes	Other					
	\$ 410	and debentures	\$ (144)	income	\$—			

- (a) Amount of Gain or (Loss) Recognized in Other Comprehensive Loss on Derivative (Effective Portion), net of tax
- (b) Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)
- (c) Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)
- (d) Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
- (e) Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)

As Derivatives on Behalf of September 30, 2023 and December 31, 2022, cash collateral balances in the amount of zero and \$200 thousand were maintained, respectively, with a counterparty to the interest rate swaps. These balances are included in interest-bearing deposits with other banks on the condensed consolidated balance sheets. Customers

The Corporation entered into certain interest rate swap contracts that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Corporation enters into an interest rate swap with a customer while at the same time entering into an offsetting interest rate swap with another financial institution. In connection with each swap transaction, the Corporation agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. Concurrently, the Corporation agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The transaction allows the Corporation's customers to effectively convert a variable rate loan to a fixed rate.

Because the Corporation acts as an intermediary for its customer, changes in the fair value of the underlying derivative contracts offset each other and do not impact the Corporation's results of operations.

The Corporation pledged cash collateral to another financial institution with a balance \$483 thousand as of March 31, 2024 and \$173 thousand as of **September 30, 2023 and December 31, 2022** December 31, 2023. This balance is included in cash and cash equivalents due from banks on the condensed consolidated balance sheets. The Corporation may require its customers to post cash or securities as collateral on its program of back-to-back swaps depending upon the specific facts and circumstances surrounding each loan and individual swap. In addition, certain language is included in the International Swaps and Derivatives Association agreement and loan documents where, in default situations, the Corporation is permitted to access collateral supporting the loan relationship to recover any losses suffered on the derivative asset or liability. The Corporation may be required to post additional collateral to swap counterparties in the future in proportion to potential increases in unrealized loss positions. Effective on September 30, 2023 the Corporation amended all of the back-to-back swap contracts to reference the 1-month SOFR plus a credit spread adjustment of 11.448 basis points "Fallback SOFR."

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The following table provides information about the amounts and locations of activity related to the back-to-back interest rate swaps within the Corporation's condensed consolidated balance sheet as of **September 30, 2023** March 31, 2024 and **December 31, 2022** December 31, 2023:

	Notional Amount	Weighted Average		Weighted Fixed Rate	Weighted Variable Rate	Fair Value
		Maturity (in years)	Average			
September 30, 2023						
3rd Party interest rate swaps	\$ 21,572	5.12	4.19 %	1 month Fallback SOFR + 1.79%	\$ 1,726	(a)
Customer interest rate swaps	(21,572)	5.12	4.19 %	1 month Fallback SOFR + 1.79%	(1,726)	(b)
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)

	Notional Amount	Fair Value	
		Asset	Liability
March 31, 2024	\$ 59,171	\$ 1,560 (a)	\$ 1,560 (b)
December 31, 2023	\$ 21,302	\$ 1,013 (a)	\$ 1,013 (b)

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

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

Risk Participation Agreements

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

The Corporation entered into a Risk Participation Agreement ("RPA") swap swaps with another other financial institution institutions related to a loan loans in which the Corporation is a participant. The RPA provides credit protection to the financial institution should the borrower fail to perform on its interest rate derivative contract with the financial institution. The notional amount of this contingent agreement is \$21.6 million as of March 31, 2024 and \$14.0 million as of **September 30, 2023** December 31, 2023.

The Corporation entered into RPA swaps with other financial institutions related to loans in which the Corporation is a participant out. The RPA provides credit protection to the Corporation should the borrower fail to perform on its interest rate derivative contract with the financial institution. The notional amount of this contingent agreement is \$25.5 million as of March 31, 2024 and zero as of **December 31, 2022** December 31, 2023.

The fair value of the RPAs swaps was \$19 thousand and \$49 thousand as of March 31, 2024 and December 31, 2023, respectively, and is reported in accrued interest payable and other liabilities within the condensed consolidated balance sheets.

13. FAIR VALUE

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

Assets and liabilities measured at fair value on a recurring basis are as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

Fair Value Measurements at September 30, 2023 Using:				Fair Value Measurements at March 31, 2024 Using:			
Description	Description			Description	(Level 1)	(Level 2)	(Level 3)
		Total	(Level 1)	(Level 2)	(Level 3)		

Assets:	Assets:
Securities Available-For-Sale:	Securities Available-For-Sale:
U.S. Government sponsored entities	U.S. Government sponsored entities
U.S. Government sponsored entities	U.S. Government sponsored entities
States and political subdivisions	States and political subdivisions
Residential and multi-family mortgage	Residential and multi-family mortgage
Corporate notes and bonds	Corporate notes and bonds
Pooled SBA	Pooled SBA
Total Securities Available-For-Sale	Total Securities Available-For-Sale
Total Securities Available-For-Sale	Total Securities Available-For-Sale
Interest Rate swaps	Interest Rate swaps
Equity Securities:	Equity Securities:
Corporate equity securities	Corporate equity securities
Corporate equity securities	Corporate equity securities
Mutual funds	Mutual funds
Money market funds	Money market funds
Corporate notes	Corporate notes
Total Equity Securities	Total Equity Securities
Total Equity Securities	Total Equity Securities
Liabilities:	Liabilities:
Interest Rate Swaps	Interest Rate Swaps
Interest Rate Swaps	Interest Rate Swaps
Interest Rate Swaps	Interest Rate Swaps

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Fair Value Measurements at December 31, 2022 Using:

Fair Value Measurements at December 31, 2023 Using:

Description	Description	Total	Quoted Prices in Active Markets for Identical Assets			Significant Other Observable Inputs	Unobservable Inputs	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs
			(Level 1)	(Level 2)	(Level 3)					
Assets:	Assets:									
Securities Available-For-Sale:	Securities Available-For-Sale:									
U.S. Government sponsored entities	U.S. Government sponsored entities									
U.S. Government sponsored entities	U.S. Government sponsored entities	\$ 3,129	\$ —	\$ 3,129	\$ —					
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									
Corporate equity securities	Corporate equity securities									
Corporate equity securities	Corporate equity securities	\$ 6,973	\$ 6,973	\$ —	\$ —					
Mutual funds	Mutual funds	1,406	1,406	—	—					
Money market funds	Money market funds	479	479	—	—					
Corporate notes	Corporate notes	757	757	—	—					
Total Equity Securities	Total Equity Securities	\$ 9,615	\$ 9,615	\$ —	\$ —					
Total Equity Securities										
Liabilities:	Liabilities:									
Interest Rate Swaps	Interest Rate Swaps	\$ (1,700)	\$ —	\$ (1,700)	\$ —					
Interest Rate Swaps	Interest Rate Swaps									
Interest Rate Swaps	Interest Rate Swaps									

Assets and liabilities measured at fair value on a non-recurring basis are as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

Fair Value Measurements at September 30, 2023

Using

Fair Value Measurements at March 31, 2024 Using

Description	Description	Quoted Prices in Active Markets for Significant Other Unobservable			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
		Identical Assets	Observable Inputs	Inputs						
		Total	(Level 1)	(Level 2)	(Level 3)					
Assets:										
Collateral-dependent loans receivable:										
Collateral-dependent loans receivable:										
Collateral-dependent loans receivable:										
Farmland										
Farmland										
Farmland	Farmland	\$ 763	\$ —	\$ —	\$ 763					
Owner-occupied, nonfarm	Owner-occupied, nonfarm									
nonresidential properties	nonresidential properties	5,593	—	—	5,593					
Commercial and industrial	Commercial and industrial	6,457	—	—	6,457					
Other construction loans and all land development loans and other land loans	Other construction loans and all land development loans and other land loans	1,299	—	—	1,299					
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	305	—	—	305					
Non-owner occupied, nonfarm	Non-owner occupied, nonfarm									
nonresidential	nonresidential	7,279	—	—	7,279					
Home equity lines of credit	Home equity lines of credit	317	—	—	317					
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	889	—	—	889					

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Description	Description	Fair Value Measurements at December 31, 2022 Using			Fair Value Measurements at December 31, 2023 Using	Significant Unobservable Inputs (Level 3)		
		Quoted Prices in Active Markets for Significant Other Unobservable						
		Identical Assets	Observable Inputs	Inputs				
Total	(Level 1)	(Level 2)	(Level 3)					
Assets:								
Assets:								

Collateral-dependent loans receivable:	Collateral-dependent loans receivable:	
Collateral-dependent loans receivable:		
Collateral-dependent loans receivable:		
Farmland		
Farmland	Farmland	\$ 829
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	1,071
Commercial and industrial	Commercial and industrial	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
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	613
Non-owner occupied, nonfarm nonresidential	Non-owner occupied, nonfarm nonresidential	3,867
Home equity lines of credit	Home equity lines of credit	335
Residential mortgages secured by first liens	Residential mortgages secured by first liens	944

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.

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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 **September 30, 2023** **March 31, 2024**:

	Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:				
Farmland	\$ 763,430	Valuation of third party appraisal on underlying collateral	Loss severity rates	27%-29% (28% 31% (31%)
Owner-occupied, nonfarm nonresidential properties	5,593,4,080	Valuation of third party appraisal on underlying collateral	Loss severity rates	9% 0%-100% (13% (31%)
Commercial and industrial	6,457,4,696	Valuation of third party appraisal on underlying collateral	Loss severity rates	3%-50% (14% 4%-53% (20%)
Other construction loans and all land development loans and other land loans	1,299,1,255	Valuation of third party appraisal on underlying collateral	Loss severity rates	32% (32%)
Multifamily (5 or more) residential properties	305,300	Valuation of third party appraisal on underlying collateral	Loss severity rates	26% (26% 30% (30%)
Non-owner occupied, nonfarm nonresidential	7,279,6,970	Valuation of third party appraisal on underlying collateral	Loss severity rates	32%-34% (33% 28%-49% (44%)
Home equity lines of credit	317,302	Valuation of third party appraisal on underlying collateral	Loss severity rates	15% (15% 17%-19% (17%)
Residential Mortgages secured by first liens	889,839	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-40% (29% 19%-44% (33%)

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%)

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Fair Value of Financial Instruments

The following table presents the carrying amount and fair value of financial instruments at **September 30, 2023** **March 31, 2024**:

	Carrying Amount	Fair Value Measurement Using:			Total Fair Value	Carrying Amount	Fair Value Measurement Using:			Total Fair Value
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
ASSETS	ASSETS									

Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 182,585	\$ 182,585	\$ —	\$ —	\$ 182,585
Debt securities available-for-sale	Debt securities available-for-sale	335,122	—	335,122	—	335,122
Debt securities held-to-maturity	Debt securities held-to-maturity	391,301	—	352,069	—	352,069
Equity securities	Equity securities	8,948	8,278	670	—	8,948
Loans held for sale	Loans held for sale	464	—	465	—	465
Net loans receivable	Net loans receivable	4,446,342	—	—	4,302,890	4,302,890
FHLB and other restricted stock holdings and investments	FHLB and other restricted stock holdings and investments	28,329	n/a	n/a	n/a	31,017
Interest rate swaps	Interest rate swaps	1,726	—	1,726	—	1,726
Accrued interest receivable	Accrued interest receivable	22,329	—	2,778	19,551	22,329
LIABILITIES						
Deposits	Deposits	\$(5,002,781)	\$(4,448,041)	\$(555,737)	\$ —	\$(5,003,778)
Deposits						
Deposits						
Subordinated notes and debentures						
Subordinated notes and debentures						
Subordinated notes and debentures	Subordinated notes and debentures	(104,811)	—	(128,112)	—	(128,112)
Interest rate swaps	Interest rate swaps	(1,726)	—	(1,726)	—	(1,726)
Accrued interest payable	Accrued interest payable	(3,185)	—	(3,185)	—	(3,185)

The following table presents the carrying amount and fair value of financial instruments at December 31, 2022 December 31, 2023:

ASSETS	ASSETS	Carrying					Fair Value Measurement			
		Fair Value Measurement Using:					Total	Carrying	Using:	
		Amount	Level 1	Level 2	Level 3	Fair Value	Amount	Level 1	Level 2	Fair Value
Cash and cash equivalents	Cash and cash equivalents									

Cash and cash equivalents	Cash and cash equivalents	\$ 106,285	\$ 106,285	\$ —	\$ —	\$ 106,285		
Debt securities available-for-sale	Debt securities available-for-sale	371,409	—	371,409	—	371,409		
Debt securities held-to-maturity	Debt securities held-to-maturity	404,765	—	367,388	—	367,388		
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	30,715	n/a	n/a	n/a	n/a	30,011	n/a
Interest rate swaps	Interest rate swaps	1,850	—	1,850	—	1,850		
Accrued interest receivable	Accrued interest receivable	20,194	—	2,867	17,327	20,194		
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 notes and debentures	Subordinated notes and debentures							
Subordinated notes and debentures	Subordinated notes and 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)		

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.

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14. 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 Non-Interest Income by revenue stream and reportable segment for the three and nine months ended September 30, 2023 and 2022. Items outside the scope of ASC 606 are noted as such.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Non-interest Income				
Service charges on deposit accounts	\$ 1,861	\$ 1,872	\$ 5,569	\$ 5,400
Wealth and asset management fees	1,833	1,870	5,567	5,456
Mortgage banking (1)	172	298	516	1,065
Card processing and interchange income	2,098	1,975	6,219	5,776
Net gains on sales of securities (1)	—	—	52	651
Other income	1,899	1,944	6,275	7,411
Total non-interest income	\$ 7,863	\$ 7,959	\$ 24,198	\$ 25,759

(1) Not within scope of ASU 2014-9

Management determined that the primary sources of revenue emanating from interest and dividend income on loans receivable and investment securities along with non-interest revenue resulting from security gains, loan servicing, gains on the sale of loans receivable, 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 condensed 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 trading 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.

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

GENERAL OVERVIEW

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

The Corporation's subsidiary, the CNB Bank (the "Bank"), provides financial services to individuals and businesses primarily within its businesses. The 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 **Niagara** and **Ontario, Niagara**. Ridge View Bank, a division of the Bank, operates in the Virginia counties of **Botetourt, Craig, Franklin, and Roanoke**. Impressia Bank, a division of the Bank, operates in the **Bank's** **Bank's** primary market areas. Although the **Corporation's** **Corporation's** strategies, through **its** **the** **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. **The Bank is subject to regulation, supervision and examination by the Pennsylvania State Department of Banking as well as the FDIC.**

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 Delaware-based captive insurance company that insures against certain risks unique to the operations of the Corporation and its subsidiaries and for which insurance may not be currently available or economically feasible in today's insurance marketplace. Holiday Financial Services Corporation, incorporated in Pennsylvania, offers small balance unsecured loans and secured loans, primarily collateralized by automobiles and equipment, to borrowers with higher risk characteristics.

The following discussion should be read in conjunction with the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023, included in its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2023 Form 10-K"), and in conjunction with the condensed consolidated financial statements and notes thereto included in Item 1 of this report. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results for the full year ending December 31, 2023 December 31, 2024, or any future period.

NON-GAAP FINANCIAL INFORMATION

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

Non-GAAP measures reflected within the discussion below include:

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

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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.

While non-interest expenses are expected to increase with the growth of the Corporation, management's growth strategies are also expected to result in an increase in earning assets as well as enhanced revenue, which is expected to more than offset increases in non-interest expenses in 2023 and beyond.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled \$182.6 million \$301.5 million at September 30, 2023 March 31, 2024, including additional excess liquidity of \$117.6 \$259.5 million held at the Federal Reserve, compared to \$43.4 \$22.0 million at December 31, 2022 December 31, 2023. These excess funds, when combined with \$3.6 billion in (i) available borrowing capacity of approximately \$3.6 billion from the Federal Home Loan Bank of Pittsburgh ("FHLB") and the Federal Reserve, and (ii) available unused commitments from brokered

deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, result in the total on-hand and contingent liquidity sources for the Corporation represented 3.9 to be approximately 4.3 times the estimated amount of adjusted uninsured deposit balances.

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

SECURITIES

Securities AFS debt securities and equity securities combined totaled \$344.1 \$358.1 million and \$381.0 \$351.3 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. At September 30, 2023 March 31, 2024, the total balance of investments classified as HTM held-to-maturity ("HTM") debt securities was \$391.3 \$381.7 million compared to \$404.8 \$389.0 million at December 31, 2022 December 31, 2023.

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

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The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of AFS debt securities AFS as of September 30, 2023 March 31, 2024. Weighted-average yields have been computed on a fully taxable-equivalent basis using a tax rate of 21%. Mortgage-backed securities are included in maturity categories based on their stated maturity date.

September 30, 2023												March 31, 2024													
		After One But										After Five But													
		Within		Within		Within Ten		After Ten		Within		After One		Within		After Five		But							
		One Year		Five Years		Years		Years		Total		One Year		Five Years		Years		\$		Years		After Ten			
		\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$							
U.S.	U.S.																								
Government	Government																								
Sponsored	Sponsored																								
Entities	Entities	\$ 3,134	3.81 %	\$ 691	2.08 %	\$ —	— %	\$ —	— %	\$ 3,825	3.50 %														
State and	State and																								
Political	Political																								
Subdivisions	Subdivisions	4,042	3.08	26,868	2.56	41,719	2.11	15,807	2.27	88,436	2.32														
Residential	Residential																								
and multi-family	and multi-family																								
mortgage	mortgage	1,616	2.69	13,454	3.10	17,560	2.22	156,479	1.57	189,109	1.75														
Corporate	Corporate																								
notes and	notes and																								
bonds	bonds	3,212	2.91	12,909	5.30	26,785	4.48	—	—	42,906	4.61														
Pooled SBA	Pooled SBA	—	—	229	5.29	9,097	2.59	1,520	2.07	10,846	2.57														
Total	Total	\$12,004	3.17 %	\$54,151	3.35 %	\$95,161	2.84 %	\$173,806	1.64 %	\$335,122	2.31 %														
		\$19,345	4.21	4.21 %	\$64,132	3.52	3.52 %	\$97,994	2.75	2.75 %															

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of HTM debt securities HTM as of September 30, 2023 March 31, 2024.

March 31, 2024											
March 31, 2024											
March 31, 2024											

		September 30, 2023																			
		Within One Year				After One But Within Five Years				Within Ten Years		After Ten Years		Total							
		\$ Amt.		Yield		\$ Amt.		Yield		\$ Amt.		Yield		\$ Amt.							
		\$	53,827	1.56	%	\$	203,661	1.54	%	\$	45,383	1.81	%	\$	302,871	1.58	%				
U.S. Government Sponsored Entities	U.S. Government Sponsored Entities																				
Residential and multi-family mortgage	Residential and multi-family mortgage																				
Total	Total	\$	53,827	1.56	%	\$	207,289	1.56	%	\$	47,802	1.88	%	\$	82,383	2.72	%	\$	391,301	1.84	%
Total	Total																				

The following table summarizes the weighted average modified duration of AFS securities AFS as of September 30, 2023 March 31, 2024.

		Weighted Average Modified Duration (in Years)	
U.S. Government Sponsored Entities		0.45	1.29
State and Political Subdivisions		5.95	5.60
Residential and multi-family mortgage		5.70	6.18
Corporate notes and bonds		4.25	4.17
Pooled SBA		2.53	2.46
Total		5.42	5.40

The following table summarizes the weighted average modified duration of securities HTM as of September 30, 2023 March 31, 2024.

		Weighted Average Modified Duration (in Years)	
U.S. Government Sponsored Entities		2.78	2.35
Residential and multi-family mortgage		5.49	6.31
Total		3.39	3.22

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

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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, and coupled with consistent reinvestment of cash flows to replace lower earning assets.

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

LOANS RECEIVABLE

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

At ~~September 30, 2023~~ ~~March 31, 2024~~, loans, excluding the impact of (i) syndicated loans, and (ii) any remaining balance on Paycheck Protection Program ("PPP") loans, net of PPP-related fees (such loans being referred to as the "PPP-related loans"), totaled \$4.4 billion, representing an ~~increase~~ ~~decrease~~ of ~~\$250.7 million~~ ~~\$7.0 million~~, or ~~6.1%~~ ~~0.16%~~ year to date growth (8.1% decline (0.65% annualized), from ~~December 31, 2022~~ ~~December 31, 2023~~. The decrease in loans was primarily driven by an increase in early loan growth was experienced primarily in the Corporation's recent expansion markets of Cleveland, Roanoke, and Buffalo payoffs combined with growth the Corporation remaining strategically focused on both managing the concentration in ~~its~~ its commercial real estate loan portfolio, related to CNB Bank's Private Banking division, and remaining disciplined with loan pricing in support of its net interest margin.

For the nine months ended September 30, 2023

At March 31, 2024, the Corporation's ~~condensed~~ consolidated balance sheet reflected a decrease in syndicated lending balances of ~~\$33.5 million~~ ~~\$30.0 million~~ compared to December 31, 2022, ~~December 31, 2023~~, primarily resulting from scheduled paydowns or early payoffs of certain syndicated credits. The syndicated loan portfolio totaled ~~\$123.1 million~~ ~~\$78.7 million~~, or ~~2.7%~~ ~~1.78%~~ of total loans, ~~excluding PPP-related loans~~, at ~~September 30, 2023~~ ~~March 31, 2024~~, compared to ~~\$156.6 million~~ ~~\$108.7 million~~, or ~~3.7%~~ ~~2.43%~~ of total loans ~~excluding PPP-related~~ at December 31, 2023. The Corporation continues to de-emphasize syndicated loans at December 31, 2022, as it focuses on prioritizing funding on organic loan growth from its customer relationships.

Loan Origination/Risk Management

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

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

Loan Portfolio Profile

As part of its lending policy and risk management activities, the Corporation tracks lending exposure by industry classification and type to determine potential risks associated with industry concentrations, and whether any risk issues could lead to additional credit loss exposure. In the current post-pandemic and inflationary economic environment, the Corporation has evaluated its exposure to the office, hospitality, and multifamily industries within its commercial real estate portfolio. Even given the Corporation's historically sound underwriting protocols and high credit quality ratings for borrowers in these industries, the Corporation monitors numerous relevant sensitivity elements at both underwriting and through and beyond the funding period, including projects occupancy, loan-to-value, absorption and cap rates, debt service coverage and covenant compliance, and developer/lessor financial strength both in the project and globally. At March 31, 2024, the Corporation had the following key metrics related to its office, hospitality and multifamily portfolios:

- Commercial office loans
 - 120 outstanding loans, totaling \$114.3 million, or 2.58%, of the Corporation 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 approximately \$289 thousand, at March 31, 2024; and
 - The average outstanding balance per commercial office loan was \$952 thousand.
- Commercial hospitality loans
 - 171 outstanding loans, totaling \$263.5 million, or 5.95%, of total Corporation loans outstanding;
 - There were no nonaccrual commercial hospitality loans at March 31, 2024; and
 - The average outstanding balance per commercial office loan was \$1.5 million.
- Commercial multifamily loans
 - 208 outstanding loans, totaling \$213.8 million, or 4.82%, of total Corporation loans outstanding;
 - Nonaccrual commercial multifamily loans (one customer relationship) totaled \$300 thousand, or 0.09% of total multifamily loans outstanding. The one customer relationship did not have a related specific loss reserve at March 31, 2024; and
 - The average outstanding balance per commercial office loan was \$1.0 million.

Table

The following table summarize the geographic region (based upon metropolitan statistical areas) in which the commercial office, hospitality and multifamily loans were originated as of [Contents](#) March 31, 2024:

		March 31, 2024
Commercial Office		
Geographic Region:		
Cleveland, OH		30.00 %
Buffalo, NY		26.90
Cincinnati, OH		9.80
Columbus, OH		8.90
All other geographical regions		24.40
Total Commercial Office		<u>100.00 %</u>
Commercial Hospitality		
Geographic Region:		
Buffalo, NY		20.20 %
Pittsburgh, PA		13.20
Columbus, OH		11.90
Erie & Meadville, PA		4.60
All other geographical regions		50.10
Total Commercial Hospitality		<u>100.00 %</u>
Commercial Multifamily		
Geographic Region:		
Cleveland, OH		24.70 %
Buffalo, NY		21.80
Columbus, OH		19.80
All other geographical regions		33.70
Total Commercial Multifamily		<u>100.00 %</u>

The Corporation had no commercial office, hospitality or multifamily loan relationships considered by the banking regulators to be a high volatility commercial real estate ("HVCRE") 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 [September 30, 2023](#) [March 31, 2024](#). The table also presents the portion of loans receivable that have fixed interest rates or variable interest rates that fluctuate over the life of the loans in accordance with changes in an interest rate index.

		September 30, 2023				
		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					

Farmland	Farmland	\$	—	\$	2,174	\$	7,954	\$	—	\$	10,128
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties		17,486		30,187		24,396		4,757		76,826
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		5		144		—		—		149
Commercial and Industrial	Commercial and Industrial		7,507		266,066		41,704		699		315,976
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		2,670		8,294		84,772		20,794		116,530
Other loans	Other loans		59		609		553		12,306		13,527
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⁾		53,166		41,335		10,328		1,438		106,267
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties		29,226		35,539		2,883		4,445		72,093
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											
1-4 Family Construction ⁽¹⁾	1-4 Family Construction ⁽¹⁾		395		—		401		1,220		2,016
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	Home equity lines of credit		5		62		611		270		948
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens		5,525		34,433		230,517		130,354		400,829
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	370	8,276	61,003	13,256	82,905	
Other revolving credit plans	Other revolving credit plans	5	8	13	1	27	
Other revolving credit plans							
Other revolving credit plans							
Automobile							
Automobile	Automobile	429	18,057	7,591	—	26,077	
Other consumer	Other consumer	4,398	34,671	7,791	3,455	50,315	
Other consumer							
Credit cards							
Credit cards	Credit cards	—	—	—	—	—	
Overdrafts	Overdrafts	—	—	—	—	—	
Overdrafts							
Overdrafts							
Total							
Total	Total	\$ 146,409	\$ 564,702	\$ 542,287	\$ 193,805	\$ 1,447,203	
<u>Loans Receivable</u>	<u>Loans Receivable</u>						
<u>with Variable or Floating Interest Rate</u>	<u>Floating Interest Rate</u>						
<u>Loans Receivable with Variable or Floating Interest Rate</u>							
<u>Loans Receivable with Variable or Floating Interest Rate</u>							
Farmland							
Farmland							
Farmland	Farmland	\$ 440	\$ 4,030	\$ 9,715	\$ 8,481	\$ 22,666	
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	14,296	56,467	285,412	61,525	417,700	
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	747	60	162	—	969	
Commercial and Industrial	Commercial and Industrial	245,087	90,804	77,273	1,402	414,566	
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	—	4,194	11,478	21,520	37,192
Other loans	Other loans	17,804	2,989	8,762	—	29,555
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⁾	118,823	116,234	110,692	9,915	355,664
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	11,588	16,998	159,547	8,206	196,339
Multifamily (5 or more) residential properties						
Multifamily (5 or more) residential properties						
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	48,006	248,530	376,744	62,650	735,930
1-4 Family Construction ⁽¹⁾	1-4 Family Construction ⁽¹⁾	14,768	2,208	7,087	28,621	52,684
1-4 Family Construction ⁽¹⁾						
1-4 Family Construction ⁽¹⁾						
Home equity lines of credit	Home equity lines of credit	7,390	6,276	52,847	57,509	124,022
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	8,642	29,390	154,491	399,210	591,733
Residential Mortgages secured by first liens						
Residential Mortgages secured by first liens						
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	1,955	363	5,209	818	8,345
Other revolving credit plans	Other revolving credit plans	7,442	2,469	33,161	1,377	44,449
Other revolving credit plans						
Other revolving credit plans						
Automobile	Automobile	—	—	—	—	—
Automobile						
Automobile	Automobile	—	—	—	—	—
Other consumer	Other consumer	—	39	74	79	192

Other consumer							
Other consumer							
Credit cards							
Credit cards							
Credit cards	Credit cards	12,638	—	—	—	—	12,638
Overdrafts	Overdrafts	327	—	—	—	—	327
Overdrafts							
Overdrafts							
Total							
Total							
Total	Total	\$ 509,953	\$ 581,051	\$ 1,292,654	\$ 661,313	\$ 3,044,971	

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

and other construction loans and all land development and other land loans segments include loans that are construction to permanent loans in which the loan segment will change when the construction period has concluded.

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

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

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Loans Receivable Concentration

At **September 30, 2023** **March 31, 2024**, no industry concentration existed which exceeded 10% of the total loan portfolio.

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 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 applied to the deals when initially underwritten and funding or commitments made. The Corporation monitors numerous elements at both underwriting and through and beyond the funding period, including each project's occupancy, updated appraisals and 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 September 30, 2023, the Corporation had the following key metrics related to its commercial office portfolio:

- Commercial office loans outstanding consisted of 120 loans, totaling \$115.7 million, or 2.6%, of total loans outstanding;
- Nonaccrual commercial office loans (two customer relationships) totaled \$1.1 million, or 1.0% of total office loans outstanding. The two customer relationships combined have a recorded specific loss reserve of approximately \$817 thousand; and
- The average outstanding balance per commercial office loan was \$964 thousand.

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

Loans Receivable Credit Quality

The following table presents information concerning the loan portfolio delinquency and other nonperforming assets at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

		September 30, 2023		December 31, 2022	
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Nonaccrual loans					
Nonaccrual loans					
Nonaccrual loans	Nonaccrual loans	\$ 27,065	\$ 20,986		
Accrual loans greater than 90 days past due	Accrual loans greater than 90 days past due	231		1,121	
Accrual loans greater than 90 days past due					
Accrual loans greater than 90 days past due					
Total nonperforming loans					
Total nonperforming loans					
Total nonperforming loans	Total nonperforming loans	27,296		22,107	
Other real estate owned	Other real estate owned	2,039		1,439	
Other real estate owned					
Other real estate owned					
Total nonperforming assets					
Total nonperforming assets					
Total nonperforming assets	Total nonperforming assets	\$ 29,335	\$ 23,546		
Total loans receivable	Total loans receivable	\$ 4,492,174	\$ 4,275,178		
Total loans receivable					
Total loans receivable					
Nonaccrual loans as a percentage of total loans receivable					
Nonaccrual loans as a percentage of total loans receivable					
Nonaccrual loans as a percentage of total loans receivable	Nonaccrual loans as a percentage of total loans receivable	0.60	%	0.49	%
Total assets	Total assets	\$ 5,731,908	\$ 5,475,179		
Total assets					
Nonperforming assets as a percentage of total assets					
Nonperforming assets as a percentage of total assets					
Nonperforming assets as a percentage of total assets	Nonperforming assets as a percentage of total assets	0.51	%	0.43	%
Allowance for credit losses on loans receivable	Allowance for credit losses on loans receivable	\$ 45,832	\$ 43,436		
Allowance for credit losses on loans receivable					
Allowance for credit losses on loans receivable					
Allowance for credit losses / Total loans					
Allowance for credit losses / Total loans					
Allowance for credit losses / Total loans	Allowance for credit losses / Total loans	1.02	%	1.02	%
Total loans	Total loans	\$ 169.34	\$ 159.41		
Ratio of allowance for credit losses to nonaccrual loans	Ratio of allowance for credit losses to nonaccrual loans	169.34	%	206.98	%
Ratio of allowance for credit losses to nonaccrual loans					
Ratio of allowance for credit losses to nonaccrual loans					

Total nonperforming assets were **\$29.3 million** **\$30.7 million**, or **0.51%** **0.53%** of total assets, as of **September 30, 2023** **March 31, 2024**, compared to **\$23.5 million** **\$31.8 million**, or **0.43%** **0.55%** of total assets, as of **December 31, 2022** **December 31, 2023**. In addition, the allowance for credit losses as a percentage of nonaccrual loans was **169.34%** **159.41%**.

at September 30, 2023 March 31, 2024, compared to 206.98% 154.63% at December 31, 2022 December 31, 2023. The increase decrease in nonperforming assets was due to paydowns and payoffs combined with a \$596 thousand charge-down of one owner-occupied commercial real estate relationship consisting (remaining balance of two loans totaling \$6.9 million placed on nonaccrual during the three months ended September 30, 2023 \$308 thousand). The two loans combined have a recorded specific loss reserve of approximately \$491 thousand at September 30, 2023. While this loan relationship was placed on non-accrual status during the third quarter of 2023, based on collateral value support coupled with the specific reserve recorded against this loan relationship, management does not believe there is risk of significant additional loss exposure related to this loan relationship.

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

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

ALLOWANCE FOR CREDIT LOSSES

The amount of each allowance for credit losses account represents management's best estimate of current expected credit losses on these financial instruments considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Relevant available information includes historical credit loss experience, current conditions, and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant internal and external factors. While management utilizes its best judgment and information available, the ultimate adequacy of the Corporation's allowance for credit losses account is dependent upon a variety of factors beyond the Corporation's control, including the performance of the Corporation's loan portfolios, the economy, changes in interest rates, and the view of the regulatory authorities toward classification of assets. The adequacy of the allowance for credit losses is subject to a formal analysis by the Credit Administration and Finance Departments of the Corporation. For additional information regarding the Corporation's accounting policies related to credit losses, refer to Note 1, "Summary of Significant Accounting Policies" to the consolidated financial statements in the Corporation's 2022 2023 Form 10-K and Note 4, "Loans" in "Loans Receivable and Allowance for Credit Losses" to these condensed consolidated financial statements, statements elsewhere in this report.

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The tables below provide an allocation of the allowance for credit losses on loans receivable by loan portfolio segment at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; however, allocation of a portion of the allowance for credit losses to one segment does not preclude its availability to absorb losses in other segments.

September 30, 2023										March 31, 2024									
		Percent of		Ratio of				Percent of		Ratio of									
		Loans in		Allowance				Loans in Each		Allocated									
		Each		Allocated				Category		to Loans									
		Category		to Loans				Receivable		Amount of									
		Amount of		Receivable				Receivable		to Total									
		Allowance		Loans				Loans		Amount of									
		Allowance		Total Loans				Total Loans		to Total									
		Allocated		Receivable				in Each		Receivable									
		Allocated		Receivable				Category		Allocated									
Farmland	Farmland	\$ 125	0.7 %	\$ 32,794	0.38 %	Farmland	\$ 135	0.7	0.7 %										
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	3,948	11.0	494,526	0.80														
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	4	—	1,118	0.36														
Commercial and Industrial (1)	Commercial and Industrial	7,479	16.3	730,542	1.02														
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	2,627	3.4	153,722	1.71
Other loans	Other loans	519	1.0	43,082	1.20
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	3,958	10.3	461,931	0.86
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	2,150	6.0	268,432	0.80
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	9,901	20.2	908,520	1.09
1-4 Family Construction	1-4 Family Construction	397	1.2	54,700	0.73
Home equity lines of credit	Home equity lines of credit	804	2.8	124,970	0.64
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	7,994	22.1	992,562	0.81
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	1,519	2.0	91,250	1.66
Other revolving credit plans	Other revolving credit plans	992	1.0	44,476	2.23
Automobile	Automobile	366	0.6	26,077	1.40
Other consumer	Other consumer	2,642	1.1	50,507	5.23
Credit cards	Credit cards	80	0.3	12,638	0.63
Overdrafts	Overdrafts	327	—	327	100.00
Total	Total	\$ 45,832	100.0 %	\$ 4,492,174	1.02 %
				\$45,832	100.0 %
				\$4,431,398	1.03 %

^(a) PPP loans, net of deferred PPP processing fees, disbursed in 2021 are included in the Commercial and Industrial classification.

December 31, 2022						December 31, 2023											
			Percent of		Ratio of				Percent of		Ratio of						
			Loans in		Allowance				Loans in		Allowance						
			Each		Allocated				Each		Allocated						
			Category		to Loans				Category		to Loans						
			Amount of	to Total	Receivable				Amount of		Receivable						
			Allowance	Loans	Total Loans				Allowance	Loans	Total Loans						
			Allocated	Receivable	Receivable				Allocated	Receivable	Receivable						
December 31, 2023						December 31, 2023											

Farmland	Farmland	\$ 159	0.8 %	\$ 32,168	0.49 %	Farmland	\$ 126	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 (1)	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 land loans	Other construction loans and all land development and other 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	Total	\$ 43,436	100.0 %	\$ 4,275,178	1.02 %	Total	\$ 45,832	100.0 %		\$ 4,468,476	1.03 %	1.03 %

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

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The allowance for credit losses measured as a percentage of total loans receivable was 1.02% both 1.03% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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

For the **nine** three months ended **September 30, 2023** **March 31, 2024**, the allowance for credit losses **increased** due to the **remained unchanged**. The growth in the Corporation's loan portfolio **including** growth in new market areas. **This** areas was **partially** offset by improvements in the Corporation's historical loss rates, as well as the impact of net charge-offs. **There** is still a significant amount of **Significant** uncertainty **related** to **persists** regarding the domestic and global economy, tightening credit conditions, persistent inflation, and higher interest rates. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Note 4, "Loans Receivable and Allowance for Credit Losses," to the condensed consolidated financial statements provides further disclosure of loan balances by portfolio segment as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

Additional information related to provision for credit loss expense and net charge-offs and recoveries for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** is presented in the tables below.

Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	1,006	(82)	873,860	(0.04)
1-4 Family	1-4 Family				
Construction	Construction	(11)	—	56,731	—
Home equity lines of credit	Home equity lines of credit	(156)	(9)	123,373	(0.03)
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	(1,241)	(15)	982,626	(0.01)
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	(59)	—	89,881	—
Other revolving credit plans	Other revolving credit plans	97	(36)	43,353	(0.33)
Automobile	Automobile	13	(23)	26,541	(0.34)
Other consumer	Other consumer	481	(400)	50,270	(3.16)
Credit cards	Credit cards	24	(16)	13,019	(0.49)
Overdrafts	Overdrafts	227	(121)	316	(151.92)
Total	Total	\$ 1,023	\$ (732)	\$ 4,485,017	(0.06)%
		Total	\$ 1,344	\$ (1,344)	\$ 4,428,751
					(0.12) (0.12)%

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

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Nine Months Ended September 30, 2023						Three Months Ended March 31, 2023					

Obligations (other than securities and leases) of states and political subdivisions	Obligations (other than securities and leases) of states and political subdivisions	764	—	153,463	—
Other loans	Other loans	63	—	28,800	—
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	705	—	424,846	—
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	(140)	(63)	262,265	(0.03)
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	2,578	(330)	825,884	(0.05)
1-4 Family Construction	1-4 Family Construction	70	—	55,235	—
Home equity lines of credit	Home equity lines of credit	(363)	(6)	123,725	(0.01)
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	(471)	(19)	958,526	—
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	484	—	82,943	—
Other revolving credit plans	Other revolving credit plans	347	(77)	40,678	(0.25)
Automobile	Automobile	128	(33)	24,900	(0.18)
Other consumer	Other consumer	1,285	(1,308)	48,900	(3.58)
Credit cards	Credit cards	102	(89)	12,871	(0.92)
Overdrafts	Overdrafts	389	(340)	300	(151.53)
Total	Total	\$ 4,603	\$ (2,207)	\$ 4,373,648	(0.07)%

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

	Three Months Ended September 30, 2022					
	Provision (Benefit) for Credit Losses on Loans		Net (Charge-Offs)		Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans	
	Receivable ⁽¹⁾		Recoveries		Receivable	
	\$	(8)	\$	—	\$	32,184
Farmland						— %
Owner-occupied, nonfarm nonresidential properties		(272)		3	472,244	—
Agricultural production and other loans to farmers		(2)		—	1,149	—
Commercial and Industrial		(21)		32	775,872	0.02
Obligations (other than securities and leases) of states and political subdivisions		97		—	150,431	—
Other loans		(2)		—	14,392	—
Other construction loans and all land development and other land loans		208		—	335,534	—
Multifamily (5 or more) residential properties		(171)		—	224,777	—

Non-owner occupied, nonfarm nonresidential properties	215	167	715,044	0.09
1-4 Family Construction	(56)	—	39,889	—
Home equity lines of credit	26	1	120,086	—
Residential Mortgages secured by first liens	198	(3)	896,261	—
Residential Mortgages secured by junior liens	338	—	65,293	—
Other revolving credit plans	58	(16)	28,770	(0.22)
Automobile	27	(5)	20,544	(0.10)
Other consumer	437	(382)	51,709	(2.93)
Credit cards	(33)	10	11,572	0.34
Overdrafts	(3)	(117)	290	(160.06)
Total	\$ 1,036	\$ (310)	\$ 3,956,041	(0.03)%

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

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	Nine Months Ended September 30, 2022				
	Provision (Benefit) for Credit Losses on Loans Receivable ⁽¹⁾		Net (Charge-Offs) Recoveries		Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
			Average Loans Receivable		
	\$	32	\$	\$ 31,598	
Farmland					— %
Owner-occupied, nonfarm nonresidential properties		115	(9)	463,433	—
Agricultural production and other loans to farmers		(4)	—	1,274	—
Commercial and Industrial		691	38	750,787	0.01
Obligations (other than securities and leases) of states and political subdivisions		113	—	148,246	—
Other loans		16	—	14,149	—
Other construction loans and all land development and other land loans		338	—	321,093	—
Multifamily (5 or more) residential properties		(183)	—	223,148	—
Non-owner occupied, nonfarm nonresidential properties		482	167	686,633	0.03
1-4 Family Construction		22	—	39,952	—
Home equity lines of credit		200	11	113,145	0.01
Residential Mortgages secured by first liens		954	(38)	857,308	(0.01)
Residential Mortgages secured by junior liens		420	—	60,552	—
Other revolving credit plans		139	(27)	27,533	(0.13)
Automobile		19	(18)	20,409	(0.12)
Other consumer		1,324	(1,111)	50,477	(2.94)
Credit cards		36	(41)	11,514	(0.48)
Overdrafts		284	(289)	265	(145.81)
Total	\$ 4,998	\$ (1,317)	\$ 3,821,516	(0.05)%	

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

Provision for credit losses was \$1.1 million and \$4.8 million remained stable at \$1.3 million for the three and nine months ended September 30, 2023, respectively, compared to \$1.1 million March 31, 2024 and \$5.6 million for the three and nine months ended September 30, 2022 March 31, 2023. Included in the provision for credit losses for the three and nine months ended September 30, 2023 March 31, 2024 was \$33 a \$24 thousand and \$148 thousand, respectively, benefit related to the allowance for unfunded commitments compared to \$55 \$59 thousand and \$641 thousand accrual towards the allowance for unfunded commitments provision for the three and nine months ended September 30, 2022 March 31, 2023.

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.

		Percent of Deposits in Each Category		Percent of Deposits in Each Category			
		September 30, 2023	to Total Deposits	December 31, 2022	to Total Deposits	in Each Category	Percentage Change
		March 31, 2024		March 31, 2024			
Demand, noninterest-bearing	Demand, noninterest-bearing	\$ 782,996	15.7 %	\$ 898,437	19.4 %	(12.8)%	
Demand, interest-bearing	Demand, interest-bearing	781,309	15.6	1,007,202	21.8	(22.4)	
Savings deposits	Savings deposits	2,883,736	57.6	2,270,337	49.1	27.0	
Time deposits	Time deposits	554,740	11.1	446,461	9.7	24.3	
Total deposits	Total deposits	\$5,002,781	100.0 %	\$4,622,437	100.0 %	8.2%	
Demand, noninterest-bearing	Demand, noninterest-bearing	\$ 749,178	14.8	\$ 728,881	14.6	14.6 %	2.3
Demand, interest-bearing	Demand, interest-bearing	719,781	14.3	803,093	16.1	16.1	(10.4)
Savings deposits	Savings deposits	3,035,823	60.3	2,960,282	59.2	59.2	2.6
Time deposits	Time deposits	532,771	10.6	506,494	10.1	10.1	5.2
Total deposits	Total deposits	\$5,037,553	100.0	\$4,998,750	100.0	100.0 %	0.8

At **September 30, 2023** **March 31, 2024**, total deposits were \$5.0 billion, reflecting an increase of **\$380.3 million** **\$38.8 million**, or **8.2%** **0.78%**, from **December 31, 2023**. The increase in deposit balances was primarily the result of continued growth in the Corporation's treasury management customer base and resulting increases attributable to an increase in municipal and institutional/corporate retail deposits, including new wealth and asset management deposit relationships resulting from participation partially offset by seasonal fluctuations in deposit insurance sharing programs, business deposits. In addition, the total number of deposit households increased by approximately **1.4%** **0.77%** from **December 31, 2022** **December 31, 2023**.

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

	Three Months Ended September 30,			
	2023		2022	
	Average Amount	Annual Rate	Average Amount	Annual Rate
Demand, noninterest-bearing	\$ 792,193	— %	\$ 880,990	— %
Demand, interest-bearing	813,264	0.52	1,090,990	0.21
Savings deposits	2,788,499	3.13	2,349,978	0.49
Time deposits	507,597	3.16	303,445	1.19
Total	\$ 4,901,553		\$ 4,625,403	

Nine Months Ended September 30,			Three Months Ended March 31,	
2023	2022			

		Average Amount	Annual Rate	Average Amount	Annual Rate
Demand,	Demand,				
noninterest-	noninterest-				
bearing	bearing	\$ 805,513	— %	\$ 841,661	— %
Demand, noninterest-					
bearing					
Demand, noninterest-					
bearing					
Demand, interest-					
bearing					
Demand, interest-					
bearing					
Demand,	Demand,				
interest-	interest-				
bearing	bearing	878,955	0.54	1,081,211	0.18
Savings	Savings				
deposits	deposits	2,581,604	2.75	2,414,377	0.28
Savings deposits					
Savings deposits					
Time deposits					
Time deposits					
Time	Time				
deposits	deposits	516,261	2.79	328,892	1.23
Total	Total	<u>\$4,782,333</u>		<u>\$4,666,141</u>	
	Total				
	Total				

At **September 30, 2023** **March 31, 2024**, the average deposit balance per account for **CNB** the Bank was approximately \$33 thousand. The Bank had increases in municipal deposits, as well as retail customer household deposits, including those added from the 2023 launches of (i) the Bank's "At Ease" account, a service for U.S. service member and veteran families, and (ii) the Corporation's women-focused banking division, Impressia Bank.

The following table presents additional information about our **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** deposits:

	September 30, 2023	December 31, 2022		
	March 31, 2024		March 31, 2024	December 31, 2023
Time	Time			
deposits	deposits			
not	not			
covered	covered			
by	by			
deposit	deposit			
insurance	insurance	\$ 47,672	\$ 69,874	
Total	Total			
deposits	deposits			
not	not			
covered	covered			
by	by			
deposit	deposit			
insurance	insurance	1,481,827	1,864,886	

At **September 30, 2023** **March 31, 2024**, the total estimated uninsured deposits for **CNB** the Bank were approximately \$1.5 billion \$1.4 billion, or approximately 29.0% 27.70% of total **CNB** Bank deposits; however, deposits. However, when excluding \$101.1 million of affiliate company deposits and \$440.3 million \$437.9 million of pledged-investment collateralized deposits, the adjusted amount and percentage of total estimated uninsured deposits was approximately \$940.4 million \$884.6 million, or approximately 18.4% 17.21% of total **CNB** Bank deposits as of **September 30, 2023** **March 31, 2024**.

At December 31, 2022 December 31, 2023, the total estimated uninsured deposits for CNB the Bank were approximately \$1.9 billion \$1.4 billion, or approximately 39.0% 28.2% of total CNB Bank deposits. When However, when excluding affiliate company deposits of \$143.1 million \$101.3 million and pledged-investment collateralized deposits of \$396.2 million \$400.5 million, the adjusted amount and percentage of total estimated uninsured deposits was approximately \$1.3 billion \$937.1 million, or approximately 27.8% 18.4% of total CNB Bank deposits as of December 31, 2022 December 31, 2023.

Scheduled maturities of time deposits not covered by deposit insurance at September 30, 2023 March 31, 2024 were as follows:

	September 30, 2023 March 31, 2024
3 months or less	\$ 11,619 18,861
Over 3 through 6 months	5,682 10,929
Over 6 through 12 months	26,437 10,416
Over 12 months	3,934 5,503
Total	\$ 47,672 45,709

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.

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The Corporation's expected material cash requirements for the twelve months ended December 31, 2023 March 31, 2025 and thereafter consist of withdrawals by depositors, credit commitments to borrowers, shareholder dividends, share repurchases, operating expenses, and capital expenditures that are pursuant to the Corporation's strategic initiatives. The Corporation expects to satisfy these short-term and long-term cash requirements through deposit growth, principal and interest payments on loans and investment securities, maturing loans and investment securities, as well as by maintaining access to wholesale funding sources.

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

Asset liquidity is provided by liquid assets which are readily marketable or pledgeable or which will mature in the near future. Liquid assets include cash, interest-bearing deposits in banks, including the Federal Reserve, and securities available for sale. 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 September 30, 2023 March 31, 2024, the Corporation's cash and cash equivalents position was approximately \$182.6 million \$301.5 million, including liquidity of \$117.6 million \$259.5 million held at the Federal Reserve. These excess funds, when combined with \$3.6 billion in (i) available borrowing capacity of approximately \$3.6 billion from the Federal Home Loan Bank of Pittsburgh ("FHLB") FHLB and the Federal Reserve, and (ii) available unused commitments from brokered deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, result in the total on-hand and contingent liquidity sources for the Corporation represented 3.9 to be approximately 4.3 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 September 30, 2023 March 31, 2024:

	Net Available
FHLB borrowing capacity ⁽¹⁾	\$ 988,471 995,073
Federal Reserve borrowing capacity ⁽²⁾	418,916 434,070
Brokered deposits ⁽³⁾	1,811,718 1,887,944
Other third-party funding channels ^{(3) (4)}	370,616 260,137
Total net available liquidity and borrowing capacity	\$ 3,589,721 3,577,224

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

(2) Includes access to discount window ^{and} 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 **September 30, 2023** **March 31, 2024**, management is not aware of any events that are reasonably likely to have a material adverse effect on the Corporation's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on the Corporation.

In the ordinary course of business, the Corporation has entered into contractual obligations and have made other commitments to make future payments. Refer to the accompanying notes to **condensed** consolidated financial statements elsewhere in this report for the expected timing of such payments as of **September 30, 2023** **March 31, 2024**. The Corporation's material contractual obligations as of **September 30, 2023** **March 31, 2024** consist of (i) long-term borrowings - Note 7, "Borrowings," (ii) operating leases - Note 5, "Leases," (iii) time deposits with stated maturity dates - Note 6, "Deposits," and (iv) commitments to extend credit and standby letters of credit - Note 9, "Off-Balance Sheet Commitments and Contingencies."

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Shareholders' Equity, Capital Ratios and Metrics

As of **September 30, 2023** **March 31, 2024**, the Corporation's total shareholders' equity was **\$549.2 million** **\$578.6 million**, representing an increase of **\$18.5 million** **\$7.4 million**, or **3.5%** **1.29%**, from **December 31, 2022** **December 31, 2023**, primarily due to **the** **an** increase in the Corporation's retained earnings (quarterly net income, partially offset by the common and preferred dividends paid in the quarter), and a decrease in accumulated other comprehensive loss during the quarter resulting primarily from the after-tax impact of the temporary unrealized reduction in the value of the available-for-sale investment portfolio. **the**

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 **September 30, 2023** **March 31, 2024** all of the Corporation's capital ratios exceeded regulatory "well-capitalized" "well-capitalized" levels. The **Corporation's** **Corporation's** capital ratios and book value per common share at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

	September 30, 2023	December 31, 2022	
Total risk-based capital ratio	15.68 %	16.08 %	
Tier 1 risk based ratio	12.92 %	13.24 %	
			March 31, 2024
Total risk-based ratio			16.27 %
Tier 1 risk-based ratio			13.43 %
Common equity tier 1 ratio	Common equity tier 1 ratio	Common equity tier 1 ratio	15.99 %
ratio	ratio	ratio	13.20 %
11.21 %	11.42 %	11.70 %	11.49 %
Tier 1 leverage ratio	Tier 1 leverage ratio	Tier 1 leverage ratio	10.64 %
leverage ratio	leverage ratio	leverage ratio	10.54 %
Common shareholders' equity/total assets			8.98 %
equity/total assets			8.93 %

Tangible common equity/tangible assets (1)	Tangible common equity/tangible assets (1)	Tangible common equity/tangible assets (1)	8.28 %	8.22 %
Book value per common share	Book value per common share			
	\$ 23.52	\$ 22.39		
Tangible book value per common share (1)	Tangible book value per common share (1)	\$ 21.40	\$ 20.30	

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

At **September 30, 2023** **March 31, 2024**, the Corporation's pre-tax net unrealized losses on available-for-sale and held-to-maturity securities totaled approximately **\$108.8 million** **\$85.0 million**, or **19.8% 14.69%** of total shareholders' equity, compared to **\$99.0 million** **\$82.2 million**, or **18.6% 14.40%** of total shareholders' equity at **December 31, 2022** **December 31, 2023**. The change in unrealized losses was primarily due to changes in the yield curve in the first quarter of 2024 compared to the fourth quarter of 2023, relative to the Corporation's scheduled bond maturities. Importantly, all regulatory capital ratios for the Corporation would exceed regulatory "well-capitalized" "well-capitalized" levels as of September 30, 2023 both March 31, 2024 and **December 31, 2022** December 31, 2023 if the net unrealized losses were fully recognized. Additionally, the Corporation maintains **\$100.4 million** **\$100.3 million** of liquid funds at its holding company, which substantially more than covers the **\$108.8 million** **\$85.0 million** in the unrealized losses on investments held primarily in its wholly-owned banking subsidiary, as an immediately available source of contingent capital to be down-streamed to **CNB** the Bank, if necessary.

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AVERAGE BALANCES, INTEREST RATES AND YIELDS

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

The following table presents average balances of certain measures of our financial condition and net interest margin for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**:

ASSETS:	ASSETS:	Average Balances, Income and Interest Rates on a Taxable Equivalent Basis						Average Balances, Income and Interest Rates on a Taxable Equivalent Basis					
		For the Three Months Ended,						For the Three Months Ended,					
		Average Balances, Income and Interest Rates on a Taxable Equivalent Basis			Average Balances, Income and Interest Rates on a Taxable Equivalent Basis			Average Balances, Income and Interest Rates on a Taxable Equivalent Basis			Average Balances, Income and Interest Rates on a Taxable Equivalent Basis		
		For the Three Months Ended,			For the Three Months Ended,			For the Three Months Ended,			For the Three Months Ended,		
		September 30, 2023			September 30, 2022			September 30, 2023			September 30, 2022		
		Average Balance	Annual Rate	Interest Inc./Exp.	Average Balance	Annual Rate	Interest Inc./Exp.	Average Balance	Annual Rate	Interest Inc./Exp.	Average Balance	Annual Rate	Interest Inc./Exp.
		Average Balance			Average Balance			Average Balance			Average Balance		
Securities:	Securities:												
Securities:	Securities:												
Taxable (1) (4)	Taxable (1) (4)												
Taxable (1) (4)	Taxable (1) (4)	\$ 711,299	1.89 %	\$ 3,674	\$ 777,824	1.81 %	\$ 3,750						
Tax-exempt (1) (2) (4)	Tax-exempt (1) (2) (4)	29,455	2.55	204	35,722	2.86	272						
Equity securities (1) (2)	Equity securities (1) (2)	8,598	5.58	121	7,765	2.25	44						
Total securities (4)	Total securities (4)	749,352	1.96	3,999	821,311	1.86	4,066						

Loans receivable:	Loans receivable:					
Commercial (2)(3)	Commercial (2)(3)					
Commercial (2)(3)	Commercial (2)(3)	1,516,942	6.72	25,693	1,446,272	5.15
Mortgage and loans held for sale (2)(3)	Mortgage and loans held for sale (2)(3)	2,834,576	5.83	41,618	2,396,884	4.81
Consumer (3)	Consumer (3)	133,499	11.51	3,874	112,885	10.54
Total loans receivable (3)	Total loans receivable (3)	4,485,017	6.30	71,185	3,956,041	5.10
Interest-bearing deposits with the Federal Reserve and other financial institutions	Interest-bearing deposits with the Federal Reserve and other financial institutions	39,389	5.78	574	132,314	1.99
Total earning assets	Total earning assets	5,273,758	5.63	\$75,758	4,909,666	4.45
Noninterest-bearing assets:	Noninterest-bearing assets:					
Noninterest-bearing assets:	Noninterest-bearing assets:					
Cash and cash equivalents due from banks	Cash and cash equivalents due from banks					
Cash and cash equivalents due from banks	Cash and cash equivalents due from banks					
Cash and cash equivalents due from banks	Cash and cash equivalents due from banks	55,502			52,446	
Premises and equipment	Premises and equipment	109,854			90,570	
Premises and equipment	Premises and equipment					
Premises and equipment	Premises and equipment					
Other assets	Other assets					
Other assets	Other assets					
Other assets	Other assets	254,106			229,807	
Allowance for credit losses	Allowance for credit losses	(45,729)			(41,017)	
Allowance for credit losses	Allowance for credit losses					
Allowance for credit losses	Allowance for credit losses					
Total non interest-bearing assets	Total non interest-bearing assets					
Total non interest-bearing assets	Total non interest-bearing assets					
Total non interest-bearing assets	Total non interest-bearing assets	373,733			331,806	
TOTAL ASSETS	TOTAL ASSETS	\$ 5,647,491			\$ 5,241,472	
TOTAL ASSETS	TOTAL ASSETS					
TOTAL ASSETS	TOTAL ASSETS					
LIABILITIES AND SHAREHOLDERS' EQUITY:	LIABILITIES AND SHAREHOLDERS' EQUITY:					
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					
Demand—interest-bearing	Demand—interest-bearing	\$ 813,264	0.52 %	\$ 1,061	\$1,090,990	0.21 %
Savings	Savings	2,788,499	3.13	22,004	2,349,978	0.49
Time	Time	507,597	3.16	4,048	303,445	1.19
Total interest-bearing deposits	Total interest-bearing deposits	4,109,360	2.62	27,113	3,744,413	0.47
Short-term borrowings	Short-term borrowings	6,101	5.66	87	—	—
Finance lease liabilities	Finance lease liabilities	328	4.84	4	416	4.77
Subordinated notes and debentures	Subordinated notes and debentures	104,773	4.07	1,076	104,470	3.71
Total interest-bearing liabilities	Total interest-bearing liabilities	4,220,562	2.66	\$28,280	3,849,299	0.56
Demand—noninterest-bearing	Demand—noninterest-bearing	792,193			880,990	

Other liabilities	Other liabilities	79,272	70,524
Other liabilities			
Other liabilities			
Total liabilities			
Total liabilities	Total liabilities	5,092,027	4,800,813
Shareholders' equity	Shareholders' equity	555,464	440,659
Shareholders' equity			
Shareholders' equity			
TOTAL	TOTAL		
LIABILITIES AND	LIABILITIES AND		
SHAREHOLDERS'	SHAREHOLDERS'		
EQUITY	EQUITY	\$ 5,647,491	\$ 5,241,472
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	5.63 % \$ 75,758	4.45 % \$ 55,602
Interest expense/Interest-bearing	Interest expense/Interest-bearing		
liabilities	liabilities	2.66 28,280	0.56 5,390
Net interest spread	Net interest spread	2.97 % \$ 47,478	3.89 % \$ 50,212
Interest income/Earning assets	Interest income/Earning assets	5.63 % 75,758	4.45 % 55,602
Interest expense/Earning assets	Interest expense/Earning assets	2.10 28,280	0.43 5,390
Net interest margin (fully tax-equivalent)	Net interest margin (fully tax-equivalent)	3.53 % \$ 47,478	4.02 % \$ 50,212

(1) Includes unamortized discounts and premiums.

(2) Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** was **\$242** **\$217** thousand and **\$305** **\$270** thousand, respectively.

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

(4) Average balance is computed using the fair value of AFS securities and amortized cost of HTM securities. Average yield has been computed using amortized cost average balance for AFS and HTM securities. The adjustment to the average balance for securities in the calculation of average yield for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** was **\$61.1** **\$55.1** million and **(\$45.6)** **\$58.7** million, respectively.

The following table presents average balances of certain measures of our financial condition and net interest margin for the nine months ended **September 30, 2023** and **2022**:

Average Balances, Income and Interest Rates on a Taxable Equivalent Basis							
For the Nine Months Ended,							
September 30, 2023							
	Average	Annual	Interest	Average	Annual	Interest	
	Balance	Rate	Inc./Exp.	Balance	Rate	Inc./Exp.	
ASSETS:							
Securities:							
Taxable (1) (4)	\$ 729,787	1.89 %	\$ 11,140	\$ 777,070	1.78 %	\$ 10,774	
Tax-exempt (1) (2) (4)	31,025	2.60	646	37,002	2.91	830	
Equity securities (1) (2)	10,645	4.97	396	7,861	2.09	123	
Total securities (4)	771,457	1.96	12,182	821,933	1.84	11,727	
Loans receivable:							
Commercial (2) (3)	1,512,575	6.49	73,423	1,409,487	4.84	51,044	
Mortgage and loans held for sale (2) (3)	2,733,423	5.70	116,439	2,301,831	4.62	79,471	

Consumer (3)	127,650	11.50	10,978	110,198	10.31	8,498
Total loans receivable (3)	4,373,648	6.14	200,840	3,821,516	4.86	139,013
Interest-bearing deposits with the Federal Reserve and other financial institutions	49,380	6.01	2,221	309,550	0.65	1,507
Total earning assets	5,194,485	5.48	\$ 215,243	4,952,999	4.08	\$ 152,247
Noninterest-bearing assets:						
Cash and cash equivalents due from banks	54,494			50,599		
Premises and equipment	107,016			87,614		
Other assets	250,210			223,020		
Allowance for credit losses	(44,556)			(39,279)		
Total non interest-bearing assets	367,164			321,954		
TOTAL ASSETS	\$ 5,561,649			\$ 5,274,953		
LIABILITIES AND SHAREHOLDERS' EQUITY:						
Demand—interest-bearing	\$ 878,955	0.54 %	\$ 3,545	\$ 1,081,211	0.18 %	\$ 1,488
Savings	2,581,604	2.75	53,070	2,414,377	0.28	5,091
Time	516,261	2.79	10,775	328,892	1.23	3,022
Total interest-bearing deposits	3,976,820	2.27	67,390	3,824,480	0.34	9,601
Short-term borrowings	47,094	5.07	1,787	—	—	—
Finance lease liabilities	350	4.58	12	437	4.59	15
Subordinated notes and debentures	104,698	4.04	3,164	104,394	3.65	2,851
Total interest-bearing liabilities	4,128,962	2.34	\$ 72,353	3,929,311	0.42	\$ 12,467
Demand—noninterest-bearing	805,513			841,661		
Other liabilities	79,140			67,780		
Total liabilities	5,013,615			4,838,752		
Shareholders' equity	548,034			436,201		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 5,561,649			\$ 5,274,953		
Interest income/Earning assets		5.48 %	\$ 215,243		4.08 %	\$ 152,247
Interest expense/Interest-bearing liabilities		2.34	72,353		0.42	12,467
Net interest spread		3.14 %	\$ 142,890		3.66 %	\$ 139,780
Interest income/Earning assets		5.48 %	215,243		4.08 %	152,247
Interest expense/Earning assets		1.84	72,353		0.33	12,467
Net interest margin (fully tax-equivalent)		3.64 %	\$ 142,890		3.75 %	\$ 139,780

(3) Includes unamortized discounts and premiums.

(4) 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 nine months ended September 30, 2023 and 2022 was \$755 thousand and \$954 thousand, respectively.

(5) 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.

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(6) Average balance is computed using the fair value of AFS securities and amortized cost of HTM securities. Average yield has been computed using amortized cost average balance for AFS and HTM securities. The adjustment to the average balance for securities in the calculation of average yield for the nine months ended September 30, 2023 and 2022 was \$(58.6) million and \$(31.3) million, respectively.

VOLUME ANALYSIS OF CHANGES IN NET INTEREST INCOME

The following table presents the change in net interest income for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

Net Interest Income Rate- (1)	Net Interest Income Rate- (1)	Volume Variance	Volume Variance	For Three Months Ended September 30, 2023 over (under) 2022 Due to Change in (1)
Net Interest Income Rate-Volume Variance				
Net Interest Income Rate-Volume Variance				
		Volume	Rate	Net

Assets		Assets			
Assets					
Assets					
Securities:					
Securities:		Securities:			
Taxable	Taxable	\$	(219)		
Taxable		\$	143		
Taxable		\$	(76)		
Tax-exempt (2)					
Tax-exempt (2)					
Tax-exempt (2)	Tax-exempt (2)		(45)		
Equity securities (2)	Equity securities (2)		5		
Equity securities (2)			(23)		
Equity securities (2)			72		
Total securities					
Total securities	Total securities		(259)		
Loans receivable:	Loans receivable:				
Loans receivable:					
Loans receivable:					
Commercial (2)					
Commercial (2)	Commercial (2)		900		
Mortgage (2) (3)	Mortgage (2) (3)		5,247		
Mortgage (2) (3)			6,003		
Mortgage (2) (3)			7,288		
Commercial (2)			6,903		
Mortgage (2) (3)			12,535		
Commercial (2)					
Commercial (2)					
Consumer					
Consumer	Consumer		548		
Consumer			326		
Consumer			874		
Total loans receivable	Total loans receivable		6,695		
Total loans receivable			13,617		
Total loans receivable			20,312		
Other earning assets	Other earning assets		(465)		
Other earning assets			376		
Other earning assets			(89)		
Total Earning Assets					
Total Earning Assets	Total Earning Assets		5,971		
Liabilities and	Liabilities and		\$		
Shareholders' Equity	Shareholders' Equity		14,185		
Liabilities and Shareholders' Equity			\$		
Liabilities and Shareholders' Equity			20,156		
Interest-Bearing Deposits					
Interest-Bearing Deposits					
Interest-Bearing Deposits	Interest-Bearing Deposits				
Demand – interest-bearing	Demand – interest-bearing	\$	(144)		
Demand – interest-bearing		\$	635		
Demand – interest-bearing		\$	491		
Savings					

Savings				
Savings	Savings	521	18,555	19,076
Time	Time	618	2,520	3,138
Time				
Time				
Total interest-bearing deposits				
Total interest-bearing deposits				
Total interest-bearing deposits	Total interest-bearing deposits	995	21,710	22,705
Short-Term Borrowings	Short-Term Borrowings	—	87	87
Short-Term Borrowings				
Short-Term Borrowings				
Finance lease liabilities				
Finance lease liabilities				
Finance lease liabilities	Finance lease liabilities	(1)	—	(1)
Subordinated debentures	Subordinated debentures	4	95	99
Subordinated debentures				
Subordinated debentures				
Total Interest-Bearing Liabilities				
Total Interest-Bearing Liabilities				
Total Interest-Bearing Liabilities	Total Interest-Bearing Liabilities			
Liabilities	Liabilities	\$ 998	\$ 21,892	\$ 22,890
Change in Net Interest Income	Change in Net Interest Income			
Income	Income	\$ 4,973	\$ (7,707)	\$ (2,734)
Change in Net Interest Income				
Change in Net Interest Income				

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

(a) Changes in interest income on tax-exempt securities and loans receivable are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**.

(a) Includes loans held for sale.

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The following table presents the change in net interest income for the nine months ended September 30, 2023 and 2022:

		For Nine Months Ended September 30, 2023 over (under) 2022 Due to		
		Change In (1)		
		Volume	Rate	Net
Net Interest Income Rate-Volume Variance				
Assets				
Securities:				
Taxable		\$ (234)	\$ 600	\$ 366
Tax-exempt (2)		(112)	(72)	(184)
Equity securities (2)		44	229	273
Total securities		(302)	757	455
Loans receivable:				
Commercial (2)		3,712	18,667	22,379
Mortgage (2) (3)		14,888	22,080	36,968
Consumer		1,344	1,136	2,480
Total loans receivable		19,944	41,883	61,827
Other earning assets		(1,266)	1,980	714
Total Earning Assets		\$ 18,376	\$ 44,620	\$ 62,996
Liabilities and Shareholders' Equity				
Interest-Bearing Deposits				

Demand – interest-bearing	\$ (310)	\$ 2,367	\$ 2,057
Savings	286	47,693	47,979
Time	1,729	6,024	7,753
Total interest-bearing deposits	1,705	56,084	57,789
Short-Term Borrowings	1	1,786	1,787
Finance lease liabilities	(3)	—	(3)
Subordinated debentures	8	305	313
Total Interest-Bearing Liabilities	\$ 1,711	\$ 58,175	\$ 59,886
Change in Net Interest Income	\$ 16,665	\$ (13,555)	\$ 3,110

^(a) Changes in interest income or expense not arising solely as a result of volume or rate variances are allocated to volume changes.

^(b) Changes in interest income on tax-exempt securities and loans receivable are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the nine months ended September 30, 2023 and September 30, 2022.

^(c) Includes loans held for sale.

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RESULTS OF OPERATIONS Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

OVERVIEW

Net income available to common shareholders ("earnings") was \$12.7 million \$11.5 million, or \$0.60 \$0.55 per diluted share, for the three months ended September 30, 2023 March 31, 2024. The Corporation's earnings for the three months ended September 30, 2022 March 31, 2023 were \$15.5 million \$15.4 million, or \$0.90 \$0.73 per diluted share. The decrease in diluted earnings per share comparing the quarter ended September 30, 2023 March 31, 2024 to the quarter ended September 30, 2022 March 31, 2023 was primarily due to the significant year-over-year increase in deposit costs as well as primarily resulting from Federal Reserve rate increases throughout 2023 and the dilutive effect of resulting market impact to the Corporation's common stock offering completed in September 2022, resulting in the issuance of 4,257,446 shares of common stock or an increase of approximately 25% in total shares of common stock outstanding. In addition, during the three months ended September 30, 2023, the Corporation repurchased 100,000 shares of common stock at a weighted average price per share of \$18.39 and there were no repurchases of common stock during the three months ended September 30, 2022, deposit base.

Annualized return on average equity was 9.80% 8.79% for the three months ended September 30, 2023 March 31, 2024, compared to 14.97% 12.60% for the three months ended September 30, 2022 March 31, 2023. Annualized return on average tangible common equity, a non-GAAP measure, was 11.07% 9.77% for the three months ended September 30, 2023 March 31, 2024, compared to 18.21% 14.58% for the three months ended September 30, 2022 March 31, 2023.

The Corporation's efficiency ratio was 67.00% 69.08% for the three months ended September 30, 2023 March 31, 2024, compared to 62.38% 61.04% for the three months ended September 30, 2022 March 31, 2023. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 66.26% 68.29% for the three months ended September 30, 2023 March 31, 2024, compared to 61.95% 60.47% for the three months ended September 30, 2022 March 31, 2023.

NET INTEREST INCOME

Net interest income was \$47.2 million \$45.2 million for the three months ended September 30, 2023 March 31, 2024, compared to \$49.9 million \$47.6 million, for the three months ended September 30, 2022 March 31, 2023. When comparing the third first quarter of 2023 2024 to the third first quarter of 2022, 2023, the decrease in net interest income of \$2.7 million \$2.4 million, or 5.4% 5.07%, was primarily due to an increase in the Corporation's interest expense as a result of targeted interest-bearing deposit rate increases to ensure both deposit relationship retention, and new deposit growth in recently entered expansion markets.

Net interest margin was 3.55% 3.40% and 4.03% 3.81% for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.53% 3.38% and 4.02% 3.79%, for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.

The yield on earning assets of 5.63% 5.81% for the three months ended September 30, 2023 March 31, 2024 increased 118 52 basis points from September 30, 2022 March 31, 2023, primarily as a result of loan growth and the net benefit of higher interest rates on both variable-rate loans and new loan production.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$1.1 million \$1.3 million for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. Included in the provision for credit losses for the three months ended September 30, 2023 March 31, 2024 was a \$33 \$24 thousand expense income related to the allowance for unfunded commitments compared to \$55 \$59 thousand expense for the three months ended September 30, 2022 March 31, 2023.

Management believes the charges to the provision for credit losses for the three months ended September 30, 2023 March 31, 2024 were appropriate and the allowance for credit losses was adequate to absorb current expected credit losses in the loan portfolio at September 30, 2023 March 31, 2024.

NON-INTEREST INCOME

Total non-interest income was \$7.9 million \$9.0 million for the three months ended September 30, 2023 March 31, 2024 compared to \$8.0 million for the three months ended September 30, 2022 March 31, 2023. During the three months ended September 30, 2023 March 31, 2024, notable changes compared to the three months ended September 30, 2022 March 31, 2023, included a decrease higher pass-through income from small business investment companies coupled with an increase in other service charges net realized and fees, partially offset by higher other non-interest income driven by unrealized gains on recovery from acquired loans equity securities.

NON-INTEREST EXPENSE

For the three months ended September 30, 2023 March 31, 2024, total non-interest expense was \$36.9 million \$37.4 million, compared to \$36.1 million \$34.0 million for the three months ended September 30, 2022.

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RESULTS OF OPERATIONS Nine Months Ended September 30, 2023 and 2022

OVERVIEW

Net income available to common shareholders was \$40.8 million, or \$1.94 per diluted share, for the nine months ended September 30, 2023, compared to earnings of \$44.1 million, or \$2.59 per diluted share, for the nine months ended September 30, 2022. As previously noted, the decrease in diluted earnings per share comparing the nine months ended September 30, 2023 to the nine months ended September 30, 2022 was primarily due to both the rise in deposit costs year over year and to the dilutive effect of the Corporation's common stock offering. In addition, during the nine months ended September 30, 2023, the Corporation repurchased 326,459 shares of common stock at a weighted average price per share of \$20.08, compared to 50,166 shares of common stock at a weighted average price per share of \$26.75 during the nine months ended September 30, 2022.

Annualized return on average equity was 10.74% for the nine months ended September 30, 2023, compared to 14.50% for the nine months ended September 30, 2022. Annualized return on average tangible common equity, a non-GAAP measure, was 12.23% for the nine months ended September 30, 2023, compared to 17.63% for the nine months ended September 30, 2022.

The Corporation's efficiency ratio was 64.26% for the nine months ended September 30, 2023, compared to 61.12% for the nine months ended September 30, 2022. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 63.60% for the nine months ended September 30, 2023, compared to 60.68% the nine months ended September 30, 2022.

NET INTEREST INCOME

Net interest income was \$142.1 million for the nine months ended September 30, 2023, compared to \$138.8 million for the nine months ended September 30, 2022 March 31, 2023. The increase of \$3.3 million \$3.4 million, or 2.4%, was 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, partially 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.

Net interest margin was 3.66% and 3.75% for the nine months ended September 30, 2023 and 2022, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.64% and 3.75% for the nine months ended September 30, 2023 and 2022, respectively.

The yield on earning assets of 5.48% for the nine months ended September 30, 2023 increased 140 basis points from September 30, 2022, primarily as a result of loan growth and the net benefit of higher interest rates on both variable-rate loans and new loan production.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$4.8 million for the nine months ended September 30, 2023, compared to \$5.6 million for the nine months ended September 30, 2022. Included in the provision for credit losses for the nine months ended September 30, 2023 was \$148 thousand expense related to the allowance for unfunded commitments compared to \$641 thousand for the nine months ended September 30, 2022. The \$888 thousand reduction in the provision expense for the first nine months of 2023 compared to the nine months ended September 30, 2022 was primarily a result of the relatively lower loan portfolio growth in the first nine months of 2023 compared to the first nine months of 2022.

Management believes the charges to the provision for credit losses for the nine months ended September 30, 2023 were appropriate and the allowance for credit losses was adequate to absorb current expected credit losses in the loan portfolio at September 30, 2023.

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NON-INTEREST INCOME

Total non-interest income was \$24.2 million for the nine months ended September 30, 2023 compared to \$25.8 million for the nine months ended September 30, 2022. During the nine months ended September 30, 2023, Wealth and Asset Management fees increased \$111 thousand, or 2.0%, compared to the nine months ended September 30, 2022, as the

Corporation benefited from an increased number of wealth management relationships. Other notable changes compared to the nine months ended September 30, 2022 included lower net realized gains on the sale of available-for-sale debt securities, lower mortgage banking income from reduced mortgage loan production volume in the higher-rate environment, lower level of bank owned life insurance income and pass-through income from small business investment companies, 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 nine months ended September 30, 2023, total non-interest expense was \$106.9 million, compared to \$100.6 million for the nine months ended September 30, 2022. The increase of \$6.3 million, or 6.3% 10.1%, from the **nine** three months ended **September 30, 2022** **March 31, 2023** was primarily a result of higher salaries and benefits driven by an increase in personnel costs related to merit increases and growth in the Corporation's staff and new offices in its expansion markets, coupled with year-over-year investments in technology expenses, combined with higher applications aimed at enhancing both customer online banking capabilities, customer call center communications and in-branch technology delivery channels. In addition, card processing and interchange expenses. In addition, other non-interest expenses increased primarily due to expense for the first quarter of 2024 was \$1.2 million, or 58.45% of card processing and interchange income, compared to business generation related expenses \$1.5 million, or 72.37% of card processing and consulting fees. Interchange income for the first quarter of 2023.

INCOME TAX EXPENSE

Income tax expense was **\$10.6 million** **\$2.8 million**, representing a **19.5%** **18.36%** effective tax rate, compared to **\$11.0 million** **\$3.9 million**, representing a **18.9%** **19.18%** effective tax rate for the **nine** three months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

The Corporation's accounting and reporting policies are in accordance with GAAP and conform to general practices within the financial services industry. Accounting and reporting practices for the allowance for credit losses and the fair value of assets acquired and liabilities assumed in connection with business combinations, including the associated goodwill and intangibles that was recorded, required the use of material estimates. Application of assumptions different than those used by management could result in material changes in the Corporation's financial position or results of operations. Note 1 (Summary of Significant Accounting Policies) and Note 4 (Loans) of the **2022** **2023** Form 10-K provide additional detail with regard to the Corporation's accounting for the allowance for credit losses and loans receivable. There have been no other significant changes in the application of accounting policies since **December 31, 2022** **December 31, 2023**.

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NON-GAAP FINANCIAL MEASURES

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

		(unaudited)
		(unaudited)
		(unaudited)
	September 30,	December 31,
	2023	2022
	(unaudited)	
	March 31,	
	March 31,	
	March 31,	
	2024	
	2024	
	2024	

Calculation of tangible book value per common share and tangible common equity/tangible assets (non-GAAP):

Calculation of tangible book value per common share and tangible common equity/tangible assets (non-GAAP):					
Calculation of tangible book value per common share and tangible common equity/tangible assets (non-GAAP):					
Shareholders' equity	Shareholders' equity	\$	549,212	\$	530,762
Shareholders' equity					
Shareholders' equity					
Less: preferred equity					
Less: preferred equity					
Less: preferred equity	Less: preferred equity		57,785		57,785
Common shareholders' equity	Common shareholders' equity		491,427		472,977
Common shareholders' equity					
Common shareholders' equity					
Less: goodwill and other intangibles					
Less: goodwill and other intangibles					
Less: goodwill and other intangibles	Less: goodwill and other intangibles		43,874		43,749
Less: core deposit intangible	Less: core deposit intangible		299		364
Less: core deposit intangible					
Less: core deposit intangible					
Tangible common equity (non-GAAP)					
Tangible common equity (non-GAAP)					
Tangible common equity (non-GAAP)	Tangible common equity (non-GAAP)	\$	447,254	\$	428,864
Total assets	Total assets	\$	5,731,908	\$	5,475,179
Total assets					
Total assets					
Less: goodwill and other intangibles					
Less: goodwill and other intangibles					
Less: goodwill and other intangibles	Less: goodwill and other intangibles		43,874		43,749
Less: core deposit intangible	Less: core deposit intangible		299		364
Less: core deposit intangible					
Less: core deposit intangible					
Tangible assets (non-GAAP)					
Tangible assets (non-GAAP)					
Tangible assets (non-GAAP)	Tangible assets (non-GAAP)	\$	5,687,735	\$	5,431,066
Ending shares outstanding	Ending shares outstanding		20,895,634		21,121,346
Ending shares outstanding					
Ending shares outstanding					
Book value per common share (GAAP)	Book value per common share (GAAP)				
Book value per common share (GAAP)					
Tangible book value per common share (non-GAAP)					
Tangible book value per common share (non-GAAP)					
Tangible book value per common share (non-GAAP)	Tangible book value per common share (non-GAAP)	\$	21.40	\$	20.30
Common shareholders' equity / Total assets (GAAP)	Common shareholders' equity / Total assets (GAAP)		8.57	%	8.64
Common shareholders' equity / Total assets (GAAP)					

Common shareholders' equity / Total assets (GAAP)					
Common shareholders' equity / Total assets (GAAP)					
Tangible common equity / Tangible assets (non-GAAP)					
Tangible common equity / Tangible assets (non-GAAP)					
Tangible common equity / Tangible assets (non-GAAP)					
Tangible common equity / Tangible assets (non-GAAP)					
Tangible assets (non-GAAP)	7.86	%		7.90	%

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NON-GAAP FINANCIAL MEASURES (continued)

			(unaudited)							
			(unaudited)							
			(unaudited)							
			Three Months Ended							
			Three Months Ended							
			Three Months Ended							
			March 31,							
			March 31,							
			March 31,							
				(unaudited)				(unaudited)		
				2024						
				Three Months Ended				Nine Months Ended		
				2024						
				September 30,				September 30,		
				2023		2022		2023		
				2024				2022		
Calculation of	Calculation of									
efficiency ratio:	efficiency ratio:									
Calculation of efficiency ratio:										
Calculation of efficiency ratio:										
Non-interest expense										
Non-interest expense										
Non-interest expense	Non-interest expense	\$	36,914	\$	36,100	\$	106,892	\$	100,601	
Non-interest income	Non-interest income	\$	7,863	\$	7,959	\$	24,198	\$	25,759	
Non-interest income										
Non-interest income										
Net interest income										
Net interest income										
Net interest income	Net interest income		47,236		49,908		142,135		138,826	
Total revenue	Total revenue	\$	55,099	\$	57,867	\$	166,333	\$	164,585	
Total revenue										
Total revenue										
Efficiency ratio										
Efficiency ratio	Efficiency ratio		67.00	%	62.38	%	64.26	%	61.12	%
Calculation of	Calculation of									
efficiency ratio (fully	efficiency ratio (fully									
tax equivalent basis)	tax equivalent basis)									
(non-GAAP):	(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	\$ 36,914	\$ 36,100	\$ 106,892	\$ 100,601
Less: core deposit intangible amortization	Less: core deposit intangible amortization	20	23	65	73
Less: core deposit intangible amortization	Less: core deposit intangible amortization				
Adjusted non-interest expense (non-GAAP)	Adjusted non-interest expense (non-GAAP)				
Adjusted non-interest expense (non-GAAP)	Adjusted non-interest expense (non-GAAP)	\$ 36,894	\$ 36,077	\$ 106,827	\$ 100,528
Non-interest income	Non-interest income	\$ 7,863	\$ 7,959	\$ 24,198	\$ 25,759

Non-interest income

Non-interest income

Net interest income

Net interest income

Net interest income	Net interest income	\$ 47,236	\$ 49,908	\$ 142,135	\$ 138,826
Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	1,376	1,232	4,043	3,767
Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)				
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)				
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)				

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)	1,955	1,599	5,668	4,851
Adjusted net interest income (fully tax equivalent basis) (non-GAAP)	Adjusted net interest income (fully tax equivalent basis) (non-GAAP)	47,815	50,275	143,760	139,910
Adjusted net interest income (fully tax equivalent basis) (non-GAAP)	Adjusted net interest income (fully tax equivalent basis) (non-GAAP)				

Adjusted net interest income (fully tax equivalent basis) (non-GAAP)

Adjusted net interest income (fully tax equivalent basis) (non-GAAP)

Adjusted net revenue (fully tax equivalent basis) (non-GAAP)	Adjusted net revenue (fully tax equivalent basis) (non-GAAP)	\$ 55,678	\$ 58,234	\$ 167,958	\$ 165,669
Adjusted net revenue (fully tax equivalent basis) (non-GAAP)	Adjusted net revenue (fully tax equivalent basis) (non-GAAP)				

Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):	Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):							
Interest income	Interest income	\$ 75,516	\$ 55,298	\$ 214,488	\$ 151,293			
Interest income								
Interest income								
Tax equivalent adjustment (non-GAAP)	Tax equivalent adjustment (non-GAAP)							
Tax equivalent adjustment (non-GAAP)	Tax equivalent adjustment (non-GAAP)							
Tax equivalent adjustment (non-GAAP)	Tax equivalent adjustment (non-GAAP)	242	305	755	954			
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	Adjusted interest income (fully tax equivalent basis) (non-GAAP)	75,758	55,603	215,243	152,247			
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	Adjusted interest income (fully tax equivalent basis) (non-GAAP)							
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	Adjusted interest income (fully tax equivalent basis) (non-GAAP)							
Interest expense	Interest expense	28,280	5,390	72,353	12,467			
Interest expense								
Interest expense								
Net interest income (fully tax equivalent basis) (non-GAAP)	Net interest income (fully tax equivalent basis) (non-GAAP)							
Net interest income (fully tax equivalent basis) (non-GAAP)	Net interest income (fully tax equivalent basis) (non-GAAP)							
Net interest income (fully tax equivalent basis) (non-GAAP)	Net interest income (fully tax equivalent basis) (non-GAAP)							
Net interest income (fully tax equivalent basis) (non-GAAP)	Net interest income (fully tax equivalent basis) (non-GAAP)	\$ 47,478	\$ 50,213	\$ 142,890	\$ 139,780			
Average total earning assets	Average total earning assets	\$ 5,273,758	\$ 4,909,666	\$ 5,194,485	\$ 4,952,999			
Average total earning assets	Average total earning assets							
Less: average mark to market adjustment on investments (non-GAAP)	Less: average mark to market adjustment on investments (non-GAAP)							
Less: average mark to market adjustment on investments (non-GAAP)	Less: average mark to market adjustment on investments (non-GAAP)							
Less: average mark to market adjustment on investments (non-GAAP)	Less: average mark to market adjustment on investments (non-GAAP)	(61,103)	(45,559)	(58,577)	(31,330)			
Adjusted average total earning assets, net of mark to market (non-GAAP)	Adjusted average total earning assets, net of mark to market (non-GAAP)	\$ 5,334,861	\$ 4,955,225	\$ 5,253,062	\$ 4,984,329			
Adjusted average total earning assets, net of mark to market (non-GAAP)	Adjusted average total earning assets, net of mark to market (non-GAAP)							
Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)	Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)							

Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)	Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)	3.53	%	4.02	%	3.64	%	3.75	%
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NON-GAAP FINANCIAL MEASURES (continued)

(unaudited)	(unaudited)	(unaudited)							
Three Months Ended	Three Months Ended	Three Months Ended							
March 31,	March 31,	March 31,							
<u>2024</u>	<u>2024</u>	<u>2024</u>							
(unaudited)	(unaudited)								
Three Months Ended	Nine Months Ended								
September 30, 2023	September 30, 2022								
<u>2023</u>	<u>2022</u>								

Calculation of PPNR (non-GAAP): (1)

Calculation of PPNR (non-GAAP): (1)

Calculation of PPNR (non-GAAP): (1)

Net interest income

Net interest income	\$47,236	\$49,908	\$142,135	\$138,826
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Net interest income

Add: Non-interest income

Add: Non-interest income

Add: Non-interest income	7,863	7,959	24,198	25,759
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Less: Non-interest expense

Less: Non-interest expense	36,914	36,100	106,892	100,601
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Less: Non-interest expense	
Less: Non-interest expense	
PPNR (non-GAAP)	
PPNR (non-GAAP)	
PPNR (non- GAAP)	PPNR (non- GAAP)
	\$ 18,185
	\$ 21,767
	\$ 59,441
	\$ 63,984

(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.

(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.

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		(unaudited)	
		(unaudited)	
		(unaudited)	
	Three Months Ended		
	Three Months Ended		
	Three Months Ended		
	March 31,		
	March 31,		
	March 31,		
		(unaudited)	(unaudited)
	<u>2024</u>		
		Three Months Ended	Nine Months Ended
	<u>2024</u>		
		September 30,	September 30,
	<u>2023</u>		
		2022	2023
	<u>2024</u>		2022

Calculation of return on average tangible common equity (non-GAAP):

Calculation of return on average tangible common equity (non-GAAP):

Calculation of return on average tangible common equity (non-GAAP):

Net income	Net income	\$ 13,727	\$ 16,625	\$ 44,043	\$ 47,308
Net income					

Net income							
Less: preferred stock dividends	Less: preferred stock dividends	1,076	1,076	3,226	3,226		
Less: preferred stock dividends							
Less: preferred stock dividends							
Net income available to common shareholders							
Net income available to common shareholders							
Net income available to common shareholders	Net income available to common shareholders	\$ 12,651	\$ 15,549	\$ 40,817	\$ 44,082		
Average shareholders' equity	Average shareholders' equity	\$ 555,464	\$ 440,659	\$ 548,034	\$ 436,201		
Average shareholders' equity							
Average shareholders' equity							
Less: average goodwill & intangibles							
Less: average goodwill & intangibles							
Less: average goodwill & intangibles	Less: average goodwill & intangibles	44,186	44,151	44,201	44,175		
Less: average preferred equity	Less: average preferred equity	57,785	57,785	57,785	57,785		
Less: average preferred equity							
Less: average preferred equity							
Tangible common shareholders' equity (non-GAAP)	Tangible common shareholders' equity (non-GAAP)	\$ 453,493	\$ 338,723	\$ 446,048	\$ 334,241		
Return on average equity (GAAP) (annualized)	Return on average equity (GAAP) (annualized)	9.80 %	14.97 %	10.74 %	14.50 %		
Return on average equity (GAAP) (annualized)							
Return on average equity (GAAP) (annualized)							
Return on average common equity (GAAP) (annualized)							
Return on average common equity (GAAP) (annualized)							
Return on average common equity (GAAP) (annualized)	Return on average common equity (GAAP) (annualized)	9.04 %	14.00 %	9.96 %	13.51 %		
Return on average common equity (GAAP) (annualized)							
Return on average tangible common equity (non-GAAP) (annualized)	Return on average tangible common equity (non-GAAP) (annualized)	11.07 %	18.21 %	12.23 %	17.63 %		
Return on average tangible common equity (non-GAAP) (annualized)							
Return on average tangible common equity (non-GAAP) (annualized)							
(unaudited)							
(unaudited)							
Three Months Ended				Nine Months Ended			

		(unaudited)			
		September 30,		September 30,	
		(unaudited)			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			
		March 31,			
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>
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):					
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	\$ 7,863	\$ 7,959	\$ 24,198	\$ 25,759
Non-interest income	Non-interest income				
Less: net realized gains on available-for-sale securities	Less: net realized gains on available-for-sale securities	—	—	52	651
Adjusted non-interest income (non-GAAP)	Adjusted non-interest income (non-GAAP)	\$ 7,863	\$ 7,959	\$ 24,146	\$ 25,108
Adjusted non-interest income (non-GAAP)	Adjusted non-interest income (non-GAAP)				
Adjusted non-interest income (non-GAAP)	Adjusted non-interest income (non-GAAP)				

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ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As a financial institution, the Corporation's primary source of market risk exposure is interest rate risk, which is the exposure to influences fluctuations in the Corporation's future earnings resulting from due to 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. The Corporation assesses 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 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 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 demonstrates 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 to 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 September 30, 2023 and December 31, 2022, 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. Due to the current interest rate environment, the 400 basis point declining interest rate scenarios and 400 basis point increasing rate scenario have been excluded from the table. Corporation's policy guidelines.

% Change in Net Interest Income					
		September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024
+300 basis points	+300 basis points	+300 basis points	+300 basis points	2.7%	2.6%
+200 basis points	+200 basis points	+200 basis points	+200 basis points	4.2%	3.8%
+100 basis points	+100 basis points	+100 basis points	+100 basis points	5.6%	4.6%
-100 basis points	-100 basis points	-100 basis points	-100 basis points	(0.1)%	(3.8)%
-200 basis points	-200 basis points	-200 basis points	-200 basis points	(2.0)%	(6.5)%
points	points	(0.8)%	4.9%		
points	points	1.5%	5.5%		
points	points	3.5%	5.8%		
points	points	(3.0)%	(1.7)%		
points	points	(6.0)%	(6.1)%		

-300 basis points	-300 basis points	(12.4)%	(12.5)%	(3.0)%	(12.8)%
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At **September 30, 2023** **March 31, 2024**, the Corporation has approximately \$2.0 billion in outstanding loans receivable balances that are rate sensitive balances over the next twelve months.

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ITEM 4

CONTROLS AND PROCEDURES

The Corporation's management, under the supervision of and with the participation of the Corporation's Principal Executive Officer and Principal Financial Officer, has carried out an evaluation of the design and effectiveness of the Corporation's disclosure controls and procedures as defined in Rule **13a-15(e)** **13a-15I** 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.

There was no significant change in the Corporation's internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A of the **2022** **2023** Form **10-K** and in Part II, Item 1A of the Corporation's Quarterly Report on Form **10-Q** for the quarter ended **June 30, 2023** **10-K**.

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

The following table provides information with respect to any purchase of shares of the Corporation's common stock made by or on behalf of the Corporation for the three months ended **September 30, 2023** **March 31, 2024**.

Period	Total Number of Shares Purchased	Average Price Paid per Common Share (2)		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
		\$	Share (2)		
July 1 – 31, 2023	—	—	—	—	273,541
August 1 – 31, 2023	27,200	17.99	—	27,200	246,341
September 1 – 30, 2023	72,800	18.47	—	72,800	173,541
Total	100,000			100,000	

Period	Total Number of Shares Purchased	Average Price Paid per Common Share (2)		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
		\$	Share (2)		
January 1 – 31, 2024	—	—	—	—	173,541
February 1 – 29, 2024	—	—	—	—	173,541
March 1 – 31, 2024	—	—	—	—	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, were originally authorized to be made during the period beginning on June 2, 2022 (the date on which the Company 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 or, privately negotiated transactions. Depending on market conditions and other factors, these repurchases may be commenced or suspended without prior notice. As of **September 30, 2023** **March 31, 2024**, there were 173,541 shares remaining for repurchase under the program.

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

Additionally, during the quarter ended **September 30, 2023** **March 31, 2024**, certain employees surrendered shares of common stock owned by them to satisfy their statutory minimum U.S. federal and state tax obligations associated with the vesting of shares of restricted common stock issued under the CNB Financial Corporation 2019 Omnibus Incentive Plan.

Dividend Restrictions

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

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

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

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended **September 30, 2023** **March 31, 2024**, none of the Corporation's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Corporation securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule" non-Rule 10b5-1 trading arrangement.**

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ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Third Amended and Restated Articles of Incorporation of CNB Financial Corporation (incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed on April 18, 2024)
3.2	Third Amended and Restated Bylaws of CNB Financial Corporation (incorporated by reference to Exhibit 3.2 to the Corporation's Current Report on Form 8-K filed on April 18, 2024)
10.1 ⁽¹⁾	Amendment No. 1 to Defined Contribution Plan for Tito L. Lima (incorporated by reference to Exhibit 10.2 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
10.2 ⁽¹⁾	Amendment No. 1 to Defined Contribution Plan for Leanne Kassab (incorporated by reference to Exhibit 10.4 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
10.3 ⁽¹⁾	Amendment No. 1 to Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.6 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
10.4 ⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Michael D. Peduzzi (incorporated by reference to Exhibit 10.7 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
10.5 ⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Tito L. Lima (incorporated by reference to Exhibit 10.8 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
10.6 ⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Leanne Kassab (incorporated by reference to Exhibit 10.9 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
10.7 ⁽¹⁾	Schedule A to Supplemental Executive Retirement Plan for Martin Griffith (incorporated by reference to Exhibit 10.10 to the Corporation's Current Report on Form 8-K filed on October 2, 2023) October 2, 2023)
10.8 ⁽¹⁾	Amendment No. 1 to Executive Salary Continuation Plan Agreement for Richard L. Greslick (incorporated by reference to Exhibit 10.12 to the Corporation's Current Report on Form 8-K filed on October 2, 2023)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101)

⁽¹⁾ Indicates a management contract or compensatory plan.

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SIGNATURES

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

CNB FINANCIAL CORPORATION

(Registrant)

DATE: **November 1, 2023** **May 1, 2024**

/s/ Michael D. Peduzzi

Michael D. Peduzzi

President and Chief Executive Officer

(Principal Executive Officer)

DATE: **November 1, 2023** **May 1, 2024**

/s/ Tito L. Lima

Tito L. Lima

Treasurer

(Principal Financial and Accounting Officer)

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Exhibit 31.1

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

I, Michael D. Peduzzi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CNB Financial Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 1, 2023** **May 1, 2024**

/s/ Michael D. Peduzzi

Michael D. Peduzzi

President and Chief Executive Officer

(Principal Executive Officer)

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Exhibit 31.2

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

I, Tito L. Lima, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CNB Financial Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 1, 2023** **May 1, 2024**

/s/ Tito L. Lima

Tito L. Lima

Treasurer

(Principal Financial Officer)

Exhibit 32.1

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

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

/s/ Michael D. Peduzzi

Michael D. Peduzzi

President and Chief Executive Officer

Dated: November 1, 2023 May 1, 2024

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Exhibit 32.2

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

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

/s/ Tito L. Lima

Tito L. Lima

Chief Financial Officer

Dated: November 1, 2023 May 1, 2024

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