

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

(State or other jurisdiction of
incorporation or organization)

25-1450605

(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	December
		30, 2023	31, 2022
(unaudited)		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 \$367,398, 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

LIABILITIES AND SHAREHOLDERS' EQUITY

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	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 Liabilities and Shareholders' Equity	Total Liabilities and Shareholders' 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,				
Three Months Ended September 30,				
Nine Months Ended September 30,				
	2023	2022	2023	2022
INTEREST AND DIVIDEND INCOME:	INTEREST AND DIVIDEND INCOME:			
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	\$ 200,206
Interest and fees on loans receivable				\$ 136,368
Processing fees on PPP loans				
Processing fees on PPP loans				
Processing fees on PPP loans	Processing fees on PPP loans	—	74	3
Securities:	Securities:			1,870
Securities:				
Securities:				
Taxable				
Taxable				
Taxable	Taxable	4,247	4,413	13,360
Tax-exempt	Tax-exempt	176	219	553
Tax-exempt				665
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:					
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					
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	Mortgage banking	172	298	516	1,065
Bank owned life insurance	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	Card processing and interchange income	2,098	1,975	6,219	5,776
Other non-interest income	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	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	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	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 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:				
AVERAGE COMMON SHARES OUTSTANDING:					
Basic					
Basic					
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	\$ 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	\$ 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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
NET INCOME	\$ 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)

	Three Months Ended March 31,	
	2024	2023
NET INCOME	\$ 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)

Dollars in thousands, except share and per share data

	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Share- holders' 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	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Share- holders' 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	Accumulated Other Comprehensive Income (Loss)	Total Share- holders' Equity
Balance, January 1, 2024	\$ 57,785	\$ 220,495	\$ 345,935	\$ (6,890)	\$ (46,078)	\$ 571,247
Net income			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)	\$ 578,640
Balance, January 1, 2023	\$ 57,785	\$ 221,553	\$ 306,911	\$ (2,967)	\$ (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)	\$ 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	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 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:	CASH FLOWS FROM 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 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	2022
Three Months Ended March 31,		Three Months Ended March 31,	
		2024	2023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
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 taxes	Income taxes	8,577	12,743

SUPPLEMENTAL NONCASH DISCLOSURES:	SUPPLEMENTAL NONCASH 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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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 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 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

		December 31, 2022					December 31, 2023					Value
		Amortized		Unrealized		Allowance	Amortized		Unrealized	Allowance	Fair	
		Cost	Gains	Losses	Credit	Value	Cost	Gains	Losses	Credit	Value	
U.S. Government sponsored entities	U.S. Government sponsored entities	\$ 3,887	\$ —	\$ (62)	\$ —	\$ 3,825						
State & political subdivisions	State & political subdivisions	106,651	—	(18,215)	—	88,436						
Residential & multi-family mortgage	Residential & multi-family mortgage	233,464	—	(44,355)	—	189,109						
Corporate notes & bonds	Corporate notes & 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											

		September 30, 2023					March 31, 2024					Value
		Amortized		Unrealized		Allowance	Amortized		Unrealized	Allowance	Fair	
		Cost	Gains	Losses	Credit	Value	Cost	Gains	Losses	Credit	Value	
U.S. Government sponsored entities	U.S. Government sponsored entities	\$ 3,213	\$ —	\$ (84)	\$ —	\$ 3,129						
State & political subdivisions	State & political subdivisions	112,734	24	(17,095)	—	95,663						
Residential & multi-family mortgage	Residential & multi-family mortgage	256,111	—	(38,564)	—	217,547						
Corporate notes & bonds	Corporate notes & 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					Value
		Amortized		Unrealized		Allowance	Amortized		Unrealized	Allowance	Fair	
		Cost	Gains	Losses	Credit	Value	Cost	Gains	Losses	Credit	Value	

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

		December 31, 2022					December 31, 2023					
		Amortized	Unrealized		Allowance For Credit Losses	Fair Value	Amortized	Unrealized		Allowance For Credit Losses	Fair Value	Value
		Cost	Gains	Losses			Cost	Gains	Losses			
U.S. Government sponsored entities	U.S. Government sponsored entities	\$307,711	\$ —	\$(27,276)	\$ —	\$280,435						
Residential & multi-family mortgage	Residential & multi-family mortgage	97,054	—	(10,101)	—	86,953						
Total	Total	\$404,765	\$ —	\$(37,377)	\$ —	\$367,388						
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 \$11 \$5 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		Held-to-maturity	
		Amortized		Amortized	Fair
		Cost		Cost	Value
1 year or less	1 year or less	\$ 10,533	\$ 10,388	\$ 53,827	\$ 52,288
1 year – 5	1 year – 5				
years	years	43,540	40,467	203,661	186,750
5 years – 10	5 years – 10				
years	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

		Less than 12				Total						Total	
		Months		12 Months or More				Less than 12 Months		12 Months or More			
Description of Securities	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
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 &	State &												
political	political												
subdivisions	subdivisions	34,667	(1,887)	54,546	(15,208)	89,213	(17,095)						
Residential	Residential												
& multi-	& multi-												
family	family												
mortgage	mortgage	48,996	(3,122)	168,551	(35,442)	217,547	(38,564)						
Corporate	Corporate												
notes and	notes and												
bonds	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

Description of Securities	Description of Securities	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	\$ —	\$ —	\$276,243	\$ (26,628)	\$276,243	\$ (26,628)						
Residential	Residential												
& multi-	& multi-												
family	family												
mortgage	mortgage	—	—	75,826	(12,604)	75,826	(12,604)						
		\$											
		\$ —	\$ —	\$352,069	\$ (39,232)	\$352,069	\$ (39,232)						
		\$											
		\$											

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
U.S. Government sponsored entities	U.S. Government sponsored entities	\$143,556	\$ (10,063)	\$136,879	\$ (17,213)	\$280,435	\$ (27,276)						
Residential & multi-family mortgage	Residential & multi-family mortgage	24,132	(2,253)	62,821	(7,848)	86,953	(10,101)						
		\$											
		\$167,688	\$ (12,316)	\$199,700	\$ (25,061)	\$367,388	\$ (37,377)						
		\$											
		\$											
		\$											

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" "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 equity securities	\$ 5,327	\$ 6,973				
Mutual funds	Mutual funds	2,086	1,406				

Money market funds	Money market funds	865	479
Corporate notes	Corporate notes	670	757
Total	Total	\$ 8,948	\$ 9,615
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						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 land loans	Other construction loans and all land development and other 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 %
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	\$ 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** **\$78.7** million and **\$156.6** **\$108.7** 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	Beginning Allowance				
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	5	—	—	(1)	4
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	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	3,591	—	—	367	3,958
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,613	—	—	537	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						
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	8,977	(88)	6	1,006	9,901
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	969	(10)	1	(156)	804
Residential Mortgages secured by first liens	Residential 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	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 to the condensed consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

Transactions in the allowance for credit losses for the 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						
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						
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	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						
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	Receivable ⁽¹⁾	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	Receivable ⁽¹⁾	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. 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 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			March 31, 2024		
		Nonaccrual			Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Receivable Past Due over 89 Days Still Accruing
Farmland	Farmland	\$ 929	\$ 929	\$ —			
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,983	1,798	—			
Commercial and Industrial	Commercial and Industrial	5,152	4,705	—			
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	1,613	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									
					Loans				
					Nonaccrual Receivable				
					With No Past Due				
					Allowance over 89				
					for Credit Days Still				
					Nonaccrual Loss Accruing				
December 31, 2023					December 31, 2023				
Nonaccrual					Nonaccrual	Nonaccrual With No Allowance for Credit Loss		Loans Receivable Past Due over 89 Days Still Accruing	
Farmland	Farmland	\$ 1,011	\$ 1,011	\$ 994					

Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,055	1,987	—
Commercial and Industrial	Commercial and Industrial	5,485	2,366	71
Commercial and Industrial				
Commercial and Industrial				
Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans				
Other construction loans and all land development and other land loans	Other construction loans and all land development and other land loans	567	567	—
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	1,066	423	—
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	5,081	2,665	—
Home equity lines of credit				
Home equity lines of credit				
Home equity lines of credit	Home equity lines of credit	475	475	—
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	4,329	3,882	48
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	91	91	—
Other revolving credit plans	Other revolving credit plans	26	26	—
Automobile	Automobile	19	19	—
Other consumer	Other consumer	781	781	—
Credit cards	Credit cards	—	—	8
Total	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 Estate Collateral	Non-Real Estate Collateral
	Real Estate Collateral		Real Estate Collateral Non-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		
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 Estate Collateral	Non-Real Estate Collateral
	Real Estate Collateral		Real Estate Collateral Non-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 Than 89						Loans Receivable Not Past Due					
		30 - 59		60 - 89		Total		30 - 59		60 - 89		Total	
		Days Past Due		Days Past Due		Days Past Due		Days Past Due		Days Past Due		Days Past Due	
		Past Due		Past Due		Past Due		Past Due		Past Due		Past Due	
		Due		Due		Due		Due		Due		Due	
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		Days Past Due		Days Past Due		Days Past Due			
Farmland	Farmland	\$ 182	\$ —	\$ 129	\$ 311	\$ 32,483	\$ 32,794						
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	642	623	1,463	2,728	491,798	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	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 land loans	Other construction loans and all land development and other land loans	—	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 Construction	1-4 Family 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				Loans	
	30 - 59	60 - 89	90 - 109	110 - 129	Total	Receivable
	Days	Days	Days	Days	Total	Not Past
	Past	Past	Past	Past	Past	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	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 land loans	Other construction loans and all land development and other land loans		1,522		—	501		2,023		444,662		446,685		
Multifamily (5 or more) residential properties	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

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.

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		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							

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

		Current	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Current						
Current						
Current						
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	\$ 64	\$ —	\$ —	\$ 696	\$ 696
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	Non-owner occupied, nonfarm nonresidential properties	785	—	—	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						

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

Principal Forgiveness				
Principal Forgiveness				
Principal Forgiveness				
Commercial and Industrial				
Commercial and Industrial				
Commercial and Industrial				
			Weighted Average Term Extension (in years)	Weighted Average 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	Non-owner occupied, nonfarm nonresidential properties	—	1.00	—
Total	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** 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				
Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment		Type of Modification

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		Outstanding Recorded		
		Investment		Investment		
					Type of Modification	
Commercial and Industrial	1	\$	96	\$	96	Extend Amortization
						Modify Rate and Extend
Non-owner occupied, nonfarm nonresidential properties	1		1,784		1,784	Amortization
Total	2	\$	1,880	\$	1,880	

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

		Pass											
		Pass							Special Mention	Substandard	Doubtful	Total Non-Pass	Total
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	Mention	Substandard	Doubtful		Pass							Total		
		December 31, 2023							December 31, 2023							
		Non-Pass Rated														
		Pass														
		Pass														
		Pass						Special Mention		Substandard		Doubtful		Total Non-Pass		Total
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									
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Farmland									
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	\$	—	\$	—	\$	683,830
Special mention		—		7,584		3,180		6,310		58		20		13,772		—		—		30,924
Substandard		—		253		2,828		614		3,497		2,318		5,087		—		—		14,597
Doubtful ⁽¹⁾		—		—		1,191		—		—		—		—		—		—		1,191
Total	\$	68,653	\$	155,139	\$	167,323	\$	44,760	\$	11,314	\$	20,775	\$	262,578	\$	—	\$	—	\$	730,542
Current period gross write offs	\$	50	\$	—	\$	—	\$	—	\$	—	\$	—	\$	76	\$	—	\$	—	\$	126
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	\$	—	\$	—	\$	140,389
Special mention		—		—		—		—		—		13,333		—		—		—		13,333
Substandard		—		—		—		—		—		—		—		—		—		—
Total	\$	23,561	\$	16,969	\$	32,123	\$	12,556	\$	4,276	\$	59,793	\$	4,444	\$	—	\$	—	\$	153,722
Current period gross write offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Other loans																				
Risk rating																				
Pass	\$	3,065	\$	12,099	\$	5,307	\$	1,925	\$	296	\$	—	\$	20,390	\$	—	\$	—	\$	43,082
Special mention		—		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—		—
Total	\$	3,065	\$	12,099	\$	5,307	\$	1,925	\$	296	\$	—	\$	20,390	\$	—	\$	—	\$	43,082
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 Loans Amortized Cost Converted to Term		Total
2023	2022	2021	2020	2019	Prior	Basis						
Other construction loans and all land development and other land loans												
Term Loans Amortized Cost Basis by Origination Year												
2024												
2024												
2024												
2024												
2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis		Revolving Loans Converted to Term		Total			
Farmland												
Risk rating	Risk rating											
Risk rating												
Risk rating												
Pass												
Pass												
Pass	Pass	\$ 81,675	\$240,639	\$ 97,364	\$20,642	\$ 6,378	\$ 1,380	\$ 6,933	\$ —	\$455,011		
Special mention	Special mention	—	5,307	—	—	—	—	—	—	5,307		
Substandard	Substandard	—	—	—	—	1,549	—	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	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										
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	Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	65	\$ —	\$ —	65
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										
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	Current period gross write offs	\$ —	\$ —	\$ —	\$ —	88	\$ —	248	\$ —	336
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	<u>\$ 19,659</u>	<u>\$ 131,605</u>	<u>\$ 284,697</u>	<u>\$ 70,597</u>	<u>\$ 10,266</u>	<u>\$ 8,594</u>	<u>\$ 7,312</u>	<u>\$ —</u>	<u>\$ 532,730</u>
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	<u>\$ 573</u>	<u>\$ 39,437</u>	<u>\$ 90,986</u>	<u>\$ 62,477</u>	<u>\$ 24,333</u>	<u>\$ 29,817</u>	<u>\$ 500</u>	<u>\$ —</u>	<u>\$ 248,123</u>
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	<u>\$ 9,141</u>	<u>\$ 199,037</u>	<u>\$ 296,713</u>	<u>\$ 149,820</u>	<u>\$ 46,287</u>	<u>\$ 178,339</u>	<u>\$ 7,999</u>	<u>\$ —</u>	<u>\$ 887,336</u>
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	<u>\$ 12,321</u>	<u>\$ 7,982</u>	<u>\$ 1,536</u>	<u>\$ 871</u>	<u>\$ 3,419</u>	<u>\$ 5,496</u>	<u>\$ 543</u>	<u>\$ —</u>	<u>\$ 32,168</u>
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	<u>\$ 120,103</u>	<u>\$ 113,575</u>	<u>\$ 66,194</u>	<u>\$ 57,776</u>	<u>\$ 30,286</u>	<u>\$ 65,773</u>	<u>\$ 14,786</u>	<u>\$ —</u>	<u>\$ 468,493</u>
Agricultural production and other loans to farmers									

Risk rating																		
Pass	\$	105	\$	140	\$	80	\$	42	\$	179	\$	—	\$	652	\$	—	\$	1,198
Special mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Total	\$	105	\$	140	\$	80	\$	42	\$	179	\$	—	\$	652	\$	—	\$	1,198
Commercial and Industrial																		
Risk rating																		
Pass	\$	195,955	\$	213,433	\$	51,695	\$	16,730	\$	9,051	\$	19,116	\$	259,841	\$	—	\$	765,821
Special mention		241		—		6,691		273		81		45		7,409		—		14,740
Substandard		299		1,809		689		379		324		913		5,624		—		10,037
Doubtful ⁽¹⁾		—		1,313		—		—		—		—		—		—		1,313
Total	\$	196,495	\$	216,555	\$	59,075	\$	17,382	\$	9,456	\$	20,074	\$	272,874	\$	—	\$	791,911
Obligations (other than securities and leases) of states and political subdivisions																		
Risk rating																		
Pass	\$	20,840	\$	37,527	\$	13,868	\$	4,584	\$	13,518	\$	50,050	\$	4,958	\$	—	\$	145,345
Special mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Total	\$	20,840	\$	37,527	\$	13,868	\$	4,584	\$	13,518	\$	50,050	\$	4,958	\$	—	\$	145,345
Other loans																		
Risk rating																		
Pass	\$	14,248	\$	5,358	\$	2,278	\$	363	\$	—	\$	—	\$	2,463	\$	—	\$	24,710
Special mention		—		—		—		—		—		—		—		—		—
Substandard		—		—		—		—		—		—		—		—		—
Total	\$	14,248	\$	5,358	\$	2,278	\$	363	\$	—	\$	—	\$	2,463	\$	—	\$	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	
	2023	2022	2021	2020	2019	Prior	Amortized Cost	Converted to	Total			
							Basis	Term				
Farmland												
Risk rating												
Pass	\$ 3,153	\$ 11,393	\$ 6,845	\$ 1,465	\$ 815	\$ 6,813	\$ 302	\$ —	\$ 30,786			
Special mention	—	—	—	—	—	—	—	—	—			
Substandard	—	—	306	—	—	777	—	—	1,083			
Total	\$ 3,153	\$ 11,393	\$ 7,151	\$ 1,465	\$ 815	\$ 7,590	\$ 302	\$ —	\$ 31,869			
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —			
Owner-occupied, nonfarm nonresidential properties												
Risk rating												
Pass	\$ 62,529	\$ 121,722	\$ 103,698	\$ 44,286	\$ 45,749	\$ 73,649	\$ 9,921	\$ —	\$ 461,554			
Special mention	320	1,304	1,180	13,623	407	210	3,133	—	20,177			
Substandard	848	—	696	292	6,738	2,593	166	—	11,333			
Total	\$ 63,697	\$ 123,026	\$ 105,574	\$ 58,201	\$ 52,894	\$ 76,452	\$ 13,220	\$ —	\$ 493,064			
Current period gross write offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26	\$ —	\$ —	\$ 26			
Agricultural production and other loans to farmers												
Risk rating												
Pass	\$ 703	\$ 34	\$ 89	\$ 60	\$ 5	\$ 159	\$ 602	\$ —	\$ 1,652			
Special mention	—	—	—	—	—	—	—	—	—			
Substandard	—	—	—	—	—	—	—	—	—			
Total	\$ 703	\$ 34	\$ 89	\$ 60	\$ 5	\$ 159	\$ 602	\$ —	\$ 1,652			

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

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		Term Loans Amortized Cost Basis by Origination Year							Revolving Loans		Revolving Loans							
									Amortized	Cost	Loans	Converted						
									Basis		to Term							
		2022	2021	2020	2019	2018	Prior				Total							
		Term Loans Amortized Cost Basis by Origination Year																
		2023																
		2023																
		2023																

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)	Multifamily (5 or more)									
residential properties	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	Non-owner occupied, nonfarm									
nonresidential properties	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			December 31, 2023		
Performing							Performing	Nonperforming	Total	Performing	Nonperforming	Total
September 30, 2023							December 31, 2022					
Performing							Performing	Nonperforming	Total			
1-4 Family Construction	1-4 Family Construction											
1-4 Family Construction	1-4 Family Construction											
1-4 Family Construction	1-4 Family Construction	\$ 54,700	\$ —	\$ 54,700	\$ 51,171	\$ —	\$ 51,171					
Home equity lines of credit	Home equity lines of credit	124,404	566	124,970	124,417	475	124,892					
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens	987,711	4,851	992,562	938,154	4,377	942,531					
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens	91,122	128	91,250	74,547	91	74,638					
Other revolving credit plans	Other revolving credit plans	44,444	32	44,476	36,346	26	36,372					
Automobile	Automobile	26,055	22	26,077	21,787	19	21,806					
Other consumer	Other consumer	49,744	763	50,507	48,363	781	49,144					
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 Amortized Cost Basis			Revolving Loans Converted to Term			Total		
2023										2022			2021			2020	2019	Prior
2024										2024			2024			2024		
2024										2024			2024			2024		
2024										2024			2024			2024		
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2024										2024			2024			2024		
2024										2024			2024					

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	<u>\$ 8,991</u>	<u>\$ 7,826</u>	<u>\$ 2,771</u>	<u>\$ 11,352</u>	<u>\$ 1,650</u>	<u>\$ 11,886</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,476</u>	
Current period gross write offs	Current period 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	<u>\$ 11,413</u>	<u>\$ 7,661</u>	<u>\$ 3,009</u>	<u>\$ 1,790</u>	<u>\$ 1,281</u>	<u>\$ 923</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 26,077</u>	
Current period gross write offs	Current period 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	<u>\$ 21,183</u>	<u>\$ 15,572</u>	<u>\$ 7,010</u>	<u>\$ 3,484</u>	<u>\$ 1,607</u>	<u>\$ 1,651</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 50,507</u>	
Current period gross write offs	Current period 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										Revolving Loans Amortized Cost Basis	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	\$ —						
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							
Credit card										
Term Loans Amortized Cost Basis by Origination Year										
		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										
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

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 noncancellable 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, 2023				
	Operating Leases ⁽¹⁾	Finance Leases	Total	
2023	\$ 843	\$ 26	\$ 869	

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

(1) 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	Lease Term						
and	and						
Discount	Discount	September	December				
Rate	Rate	30, 2023	31, 2022	Lease Term and Discount Rate	March 31, 2024		December 31, 2023
Weighted-	Weighted-						
average	average						
remaining	remaining						
lease term	lease term						
(years)	(years)						
Operating	Operating						
leases	leases	23.2	23.9				
Operating leases	Operating leases						
Operating leases	Operating leases				22.7		23.0
Finance	Finance						
leases	leases	3.3	4.0	Finance leases	2.7		3.0
Weighted-	Weighted-						
average	average						
discount	discount						
rate	rate						
Weighted-average	Weighted-average						
discount rate	discount rate						
Weighted-average	Weighted-average						
discount rate	discount rate						
Operating leases	Operating leases						
Operating leases	Operating leases						
Operating	Operating	4.05	% 3.83		4.06	%	4.05
leases	leases						%
Finance	Finance						
leases	leases	4.49	% 4.49	Finance leases	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	Other	September	September			
Information	Information	30, 2023	30, 2022	Other Information	March 31, 2024	March 31, 2023
Cash paid for	Cash paid for					
amounts	amounts					
included in	included in					
the	the					
measurement	measurement					
of lease	of lease					
liabilities	liabilities					
Cash paid for amounts	Cash paid for amounts					
included in the	included in the					
measurement of lease	measurement of lease					
liabilities	liabilities					
Cash paid for amounts	Cash paid for amounts					
included in the	included in the					
measurement of lease	measurement of lease					
liabilities	liabilities					

Operating cash flows from operating leases	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 reprices daily at market rates. Under terms of a blanket collateral agreement with the FHLB, the line-of-credit and long term advances are secured by FHLB stock and the Bank pledges its single-family residential mortgage loan portfolio, certain commercial real estate loans, and certain agriculture real estate loans as security for any advances.

Total loans **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
Total	\$	—		
Total	\$	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		9	67
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 "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 to extended credit	Commitments 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				

Allowance for Credit Losses on Unfunded Loan Commitments

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		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		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)	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 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
Unvested at beginning of period	69,746	\$ 25.21
Granted	90,675	23.63
Forfeited	(4,196)	24.35
Forfeited		
Vested	(26,008)	25.30
Unvested at end of period	130,217	\$ 24.11

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
Distributed earnings allocated to common stock	Distributed earnings allocated to common stock	\$ 3,645	\$ 2,936	\$ 10,969
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
Net earnings allocated to common stock	Net earnings allocated to common stock	\$ 12,581	\$ 15,483	\$ 40,595
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
Less: Average participating securities	Less: Average participating securities	(109)	(70)	(109)
Less: Average participating securities				
Less: Average participating securities				
Weighted average shares				
Weighted average shares				
Weighted average shares	Weighted average shares	20,860	17,254	20,939
Basic earnings per common share	Basic earnings per common share	\$ 0.60	\$ 0.90	\$ 1.94
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 computation:	Diluted earnings per common share computation:			
Net earnings allocated to common stock	Net earnings allocated to common stock	\$ 12,581	\$ 15,483	\$ 40,595
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)

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

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 Maturity (in years)	Weighted Average Fixed Rate	Weighted Average Variable Rate	Fair Value	
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. participant in. The RPA provides credit protection to the financial institution should the borrower fail to perform on its interest rate derivative contract with the financial institution. The notional amount of this contingent agreement is \$21.6 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	Quoted Prices in Active Markets for Identical Assets			Significant Other Observable Inputs	Significant Unobservable Inputs	Description	(Level 1)	(Level 2)	(Level 3)
		Total	(Level 1)	(Level 2)						

Assets:	Assets:					
Securities Available-For-Sale:	Securities Available-For-Sale:					
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	\$ 3,825	\$ —	\$ 3,825	\$ —	
States and political subdivisions	States and political subdivisions	88,436	—	88,436	—	
Residential and multi-family mortgage	Residential and multi-family mortgage	189,109	—	189,109	—	
Corporate notes and bonds	Corporate notes and bonds	42,906	—	42,906	—	
Pooled SBA	Pooled SBA	10,846	—	10,846	—	
Total Securities Available-For-Sale	Total Securities Available-For-Sale	\$335,122	\$ —	\$ 335,122	\$ —	
Total Securities Available-For-Sale						
Total Securities Available-For-Sale						
Interest Rate swaps	Interest Rate swaps	\$ 1,726	\$ —	\$ 1,726	\$ —	
Equity Securities:	Equity Securities:					
Corporate equity securities						
Corporate equity securities						
Corporate equity securities	Corporate equity securities	\$ 5,327	\$ 5,327	\$ —	\$ —	
Mutual funds	Mutual funds	2,086	2,086	—	—	
Money market funds	Money market funds	865	865	—	—	
Corporate notes	Corporate notes	670	—	670	—	
Total Equity Securities	Total Equity Securities	\$ 8,948	\$ 8,278	\$ 670	\$ —	
Total Equity Securities						
Total Equity Securities						
Liabilities:	Liabilities:					
Interest Rate Swaps						
Interest Rate Swaps						
Interest Rate Swaps	Interest Rate Swaps	\$ (1,726)	\$ —	\$ (1,726)	\$ —	

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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 (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Description Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:	Assets:								
Securities Available-For-Sale:	Securities Available-For-Sale:								
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									
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	\$ 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									
Total Equity Securities									
Liabilities:	Liabilities:								
Interest Rate Swaps	Interest Rate Swaps	\$ (1,700)	\$ —	\$ (1,700)	\$ —				
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	Fair Value Measurements at December 31, 2022 Using				Description	Total	Fair Value Measurements at December 31, 2023 Using			
		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:	Assets:										
Collateral-dependent loans receivable:	Collateral-dependent loans receivable:										
Collateral-dependent loans receivable:	Collateral-dependent loans receivable:										
Farmland	Farmland										
Farmland	Farmland										
Farmland	Farmland	\$ 763	\$ —	\$ —	\$ 763						
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm 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 nonresidential	Non-owner occupied, nonfarm 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				Description	Total	Fair Value Measurements at December 31, 2023 Using			
		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:	Assets:										

Collateral-dependent loans receivable:	Collateral-dependent loans receivable:						
Collateral-dependent loans receivable:	Collateral-dependent loans receivable:						
Farmland	Farmland						
Farmland	Farmland						
Farmland	Farmland	\$ 829	\$ —	\$ —	\$ —	\$ 829	
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	1,071	—	—	—	1,071	
Commercial and industrial	Commercial and industrial	1,631	—	—	—	1,631	
Other construction loans and all land development loans and other land loans	Other construction loans and all land development loans and other land loans	501	—	—	—	501	
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	613	—	—	—	613	
Non-owner occupied, nonfarm nonresidential	Non-owner occupied, nonfarm nonresidential	3,867	—	—	—	3,867	
Home equity lines of credit	Home equity lines of credit	335	—	—	—	335	
Residential mortgages secured by first liens	Residential mortgages secured by first liens	944	—	—	—	944	

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					Total	Fair Value Measurement		Total	Fair Value
	Fair Value Measurement Using:						Using:			
	Amount	Level 1	Level 2	Level 3	Fair Value		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	n/a
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:

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

Fair Value Measurement		Total
Using:	Level 3	
Level 1	Level 2	

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	FHLB and other restricted stock holdings and investments		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	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								
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 doing business as" 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 \$222.0 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

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											
		Within One Year				After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
		Yield		Rate		Rate		Rate		Rate	
		\$ Amt.	%	\$ Amt.	%	\$ Amt.	%	\$ Amt.	%	\$ Amt.	%
U.S. Government Sponsored Entities	U.S. Government Sponsored Entities	\$ 3,134	3.81 %	\$ 691	2.08 %	\$ —	— %	\$ —	— %	\$ 3,825	3.50 %
State and Political Subdivisions	State and Political Subdivisions	4,042	3.08	26,868	2.56	41,719	2.11	15,807	2.27	88,436	2.32
Residential mortgage	Residential mortgage	1,616	2.69	13,454	3.10	17,560	2.22	156,479	1.57	189,109	1.75
Corporate notes and bonds	Corporate notes and 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 %	\$64,132	3.52 %	\$ 97,994	2.75 %	\$ 275,000	2.75 %	\$ 547,121	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		After Five But Within Ten Years		After Ten Years		Total	
		\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield	\$ Amt.	Yield
U.S. Government Sponsored Entities	U.S. Government Sponsored Entities	\$ 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											
Residential and multi-family mortgage	Residential and multi-family mortgage	—	—	3,628	2.71	2,419	3.19	82,383	2.72	88,430	2.73
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 the 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		100.00 %
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		100.00 %
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		100.00 %

The Corporation had no commercial office, hospitality or multifamily loan relationships considered by the banking regulators to be a high volatility commercial real estate ("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		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											
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		25,163		84,847		61,770		810		172,590
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		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	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	Automobile	429	18,057	7,591	—	26,077
Other consumer	Other consumer	4,398	34,671	7,791	3,455	50,315
Other consumer						
Other consumer						
Credit cards						
Credit cards						
Credit cards	Credit cards	—	—	—	—	—
Overdrafts	Overdrafts	—	—	—	—	—
Overdrafts						
Overdrafts						
Total						
Total						
Total	Total	\$ 146,409	\$ 564,702	\$ 542,287	\$ 193,805	\$ 1,447,203
<u>Loans Receivable with Variable or Floating Interest Rate</u>						
<u>Loans Receivable with Variable or 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						
Commercial and Industrial						
Obligations (other than securities and leases) of states and political subdivisions						
Obligations (other than securities and leases) of states and political subdivisions						

Obligations (other than securities and leases) of states and political subdivisions		—	4,194	11,478	21,520	37,192
Other loans	Other loans	17,804	2,989	8,762	—	29,555
Other construction loans and all land development and other land loans ⁽¹⁾						
Multifamily (5 or more) residential properties						
Other construction loans and all land development and other land loans ⁽¹⁾	Other construction loans and all land development and other land loans ⁽¹⁾					
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties	118,823	116,234	110,692	9,915	355,664
Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	11,588	16,998	159,547	8,206	196,339
Construction ⁽¹⁾						
Home equity lines of credit						
Residential Mortgages secured by first liens	Residential Mortgages secured by first liens					
Residential Mortgages secured by junior liens	Residential Mortgages secured by junior liens					
Other revolving credit plans	Other revolving credit plans					
Automobile	Automobile					
Automobile	Automobile					
Other consumer	Other consumer					

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

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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**.

		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					
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 %
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**, or **0.51%** of total assets, as of **September 30, 2023**, compared to **\$23.5 million**, or **0.43%** of total assets, as of **December 31, 2022**. In addition, the allowance for credit losses as a percentage of nonaccrual loans was **169.34%**.

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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.

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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[illegible]

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 %
Total	Total	\$ 45,832	100.0 %	\$ 4,431,398	1.03 %

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

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

Farmland	Farmland	\$ 159	0.8 %	\$ 32,168	0.49 %	Farmland	\$ 126	0.7	0.7 %	\$ 31,869	0.40	0.40 %
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties	2,905	11.0	468,493	0.62							
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers	6	—	1,198	0.50							
Commercial and Industrial ⁽¹⁾		9,766	18.5	791,911	1.23							
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	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	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.

	Three Months Ended September 30, 2023																		
						Ratio of													
						Annualized													
	Provision					Net													
	(Benefit)					(Charge-													
	for Credit					Offs)													
	Losses on	Net	Recoveries																
Loans	(Charge-	Average	to Average																
Receivable	Offs)	Loans	Loans																
(1)	Recoveries	Receivable	Receivable																
Three Months Ended March 31, 2024																			
	Three Months Ended March 31, 2024						Three Months Ended March 31, 2024												
	Provision						Net												
	(Benefit) for						(Charge-												
Credit Losses						Offs)													
on Loans						Average													
Receivable (1)						Ratio of Annualized Net													
						(Charge-Offs) Recoveries to													
						Average Loans Receivable													
Farmland	Farmland	\$	(15)	\$	—	\$	34,444	—	%	Farmland	\$	9	\$	—	\$	32,243	—	—	%
Owner-occupied, nonfarm nonresidential properties	Owner-occupied, nonfarm nonresidential properties		789		8		511,629		0.01										
Agricultural production and other loans to farmers	Agricultural production and other loans to farmers		(1)		—		1,156		—										
Commercial and Industrial Obligations (other than securities and leases) of states and political subdivisions	Commercial and Industrial Obligations (other than securities and leases) of states and political subdivisions		(1,142)		(38)		774,088		(0.02)										
Other loans	Other loans		321		—		160,122		—										
Other	Other		(214)		—		35,503		—										
construction loans and all land development and other land loans	construction loans and all land development and other land loans																		
Multifamily (5 or more) residential properties	Multifamily (5 or more) residential properties		367		—		442,559		—										
			537		—		265,546		—										

Non-owner occupied, nonfarm nonresidential properties	Non-owner occupied, nonfarm nonresidential properties	1,006	(82)	873,860	(0.04)						
1-4 Family Construction	1-4 Family 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	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 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					
		Provision (Benefit) for Credit Losses on Loans Receivable ⁽¹⁾				Ratio of	
						Annualized	
						Net	
						(Charge-	
						Offs)	
		Recoveries					
		Loans	(Charge-	Average	to Average		
		Receivable	Offs)	Loans	Loans		
				</			

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)%

(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.

	Three Months Ended September 30, 2022			
	Provision (Benefit) for	Net	Ratio of Annualized Net	
	Credit Losses on Loans	(Charge-Offs)	Average Loans	(Charge-Offs) Recoveries
	Receivable ⁽¹⁾	Recoveries	Receivable	to Average Loans Receivable
Farmland	\$ (8)	\$ —	\$ 32,184	— %
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)%

⁽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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	Nine Months Ended September 30, 2022			
	Provision (Benefit) for	Net	Average Loans	Ratio of Annualized Net
	Credit Losses on Loans	(Charge-Offs)		(Charge-Offs) Recoveries
	Receivable ⁽¹⁾	Recoveries	Receivable	to Average Loans
Farmland	\$ 32	\$ —	\$ 31,598	— %
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)%

⁽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.

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			Percentage Change in Each Category 2023 vs. 2022	
September 30, 2023	to Total Deposits	December 31, 2022	to Total Deposits	December 31, 2022	to Total Deposits	December 31, 2022	to Total Deposits	December 31, 2022	to Total Deposits
March 31, 2024									
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	14.8 %					
Demand, interest-bearing	Demand, interest-bearing	719,781	14.3	14.3	803,093				
Savings deposits	Savings deposits	3,035,823	60.3	60.3	2,960,282				
Time deposits	Time deposits	532,771	10.6	10.6	506,494				
Total deposits	Total deposits	\$5,037,553	100.0	100.0 %					
		\$ 4,998,750	100.0	100.0 %					

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, 2022** **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	

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

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** **from** loans and investment securities, maturing loans and investment securities, as well as by maintaining access to wholesale funding sources.

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

Asset liquidity is provided by liquid assets which are readily marketable or pledgeable or which will mature in the near future. Liquid assets include cash, interest-bearing deposits in banks, including the Federal Reserve, and **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**. **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 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		March 31, 2024	December 31, 2023
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 %	15.99 %
Tier 1 risk-based ratio				13.43 %	13.20 %
Common equity tier 1 ratio	Common equity tier 1 ratio	11.21 % 11.42 %	Common equity tier 1 ratio	11.70 %	11.49 %
Tier 1 leverage ratio	Tier 1 leverage ratio	10.50 % 10.74 %	Tier 1 leverage ratio	10.64 %	10.54 %
Common shareholders' equity/total assets			Common shareholders' equity/total assets	8.98 %	8.93 %

Tangible common equity/tangible assets ⁽¹⁾	Tangible common equity/tangible assets ⁽¹⁾			Tangible common equity/tangible assets ⁽¹⁾	
		7.86 %	7.90 %	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, 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](#) [\\$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](#):

		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					
		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.
ASSETS:		ASSETS:						ASSETS:					
Securities:		Securities:						Securities:					
Securities:		Securities:						Securities:					
Taxable ^{(1) (4)}		Taxable ^{(1) (4)}						Taxable ^{(1) (4)}					
Taxable ^{(1) (4)}		Taxable ^{(1) (4)}						Taxable ^{(1) (4)}					
Tax-exempt ^{(1) (2) (4)}		Tax-exempt ^{(1) (2) (4)}						Tax-exempt ^{(1) (2) (4)}					
Equity securities ^{(1) (2)}		Equity securities ^{(1) (2)}						Equity securities ^{(1) (2)}					
Total securities ⁽⁴⁾		Total securities ⁽⁴⁾						Total securities ⁽⁴⁾					
		\$	711,299	1.89 %	\$ 3,674	\$ 777,824	1.81 %	\$ 3,750					
			29,455	2.55	204	35,722	2.86	272					
			8,598	5.58	121	7,765	2.25	44					
			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)}						
Commercial ^{(2) (3)}	Commercial ^{(2) (3)}	1,516,942	6.72	25,693	1,446,272	5.15	18,790
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	29,083
Consumer ⁽³⁾	Consumer ⁽³⁾	133,499	11.51	3,874	112,885	10.54	3,000
Total loans receivable ⁽³⁾	Total loans receivable ⁽³⁾	4,485,017	6.30	71,185	3,956,041	5.10	50,873
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	663
Total earning assets	Total earning assets	5,273,758	5.63	\$75,758	4,909,666	4.45	\$55,602
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	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	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	\$ 813,264	0.52 %	\$ 1,061	\$1,090,990	0.21 %	\$ 570
Savings	Savings	2,788,499	3.13	22,004	2,349,978	0.49	2,928
Time	Time	507,597	3.16	4,048	303,445	1.19	910
Total interest-bearing deposits	Total interest-bearing deposits	4,109,360	2.62	27,113	3,744,413	0.47	4,408
Short-term borrowings	Short-term borrowings	6,101	5.66	87	—	—	—
Finance lease liabilities	Finance lease liabilities	328	4.84	4	416	4.77	5
Subordinated notes and debentures	Subordinated notes and debentures	104,773	4.07	1,076	104,470	3.71	977
Total interest-bearing liabilities	Total interest-bearing liabilities	4,220,562	2.66	\$28,280	3,849,299	0.56	\$ 5,390
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	Total liabilities	5,092,027	4,800,813
Shareholders' equity	Shareholders' equity	555,464	440,659
Shareholders' equity			
Shareholders' equity			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	TOTAL LIABILITIES AND SHAREHOLDERS' 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 liabilities	Interest expense/Interest-bearing 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

(3) 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			September 30, 2022		
	Average Balance	Annual Rate	Interest Inc./Exp.	Average Balance	Annual Rate	Interest 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 ^(a)	127,650	11.50	10,978	110,198	10.31	8,498
Total loans receivable ^(a)	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

^(a) Includes unamortized discounts and premiums.

^(a) 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.

^(a) 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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^(a) 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- Volume Variance	Net Interest Income Rate- 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:				
Securities:				
Taxable	Taxable	\$ (219)	\$ 143	\$ (76)
Taxable				
Taxable				
Tax-exempt (2)				
Tax-exempt (2)				
Tax-exempt (2)	Tax-exempt (2)	(45)	(23)	(68)
Equity securities (2)	Equity securities (2)	5	72	77
Equity securities (2)				
Equity securities (2)				
Total securities				
Total securities				
Total securities	Total securities	(259)	192	(67)
Loans receivable:	Loans receivable:			
Loans receivable:				
Loans receivable:				
Commercial (2)				
Commercial (2)				
Commercial (2)	Commercial (2)	900	6,003	6,903
Mortgage (2) (3)	Mortgage (2) (3)	5,247	7,288	12,535
Mortgage (2) (3)				
Mortgage (2) (3)				
Consumer				
Consumer				
Consumer	Consumer	548	326	874
Total loans receivable	Total loans receivable	6,695	13,617	20,312
Total loans receivable				
Total loans receivable				
Other earning assets	Other earning assets	(465)	376	(89)
Other earning assets				
Other earning assets				
Total Earning Assets				
Total Earning Assets				
Total Earning Assets	Total Earning Assets	\$ 5,971	\$ 14,185	\$ 20,156
Liabilities and Shareholders' Equity	Liabilities and Shareholders' Equity			
Liabilities and Shareholders' Equity				
Liabilities and Shareholders' Equity				
Interest-Bearing Deposits				
Interest-Bearing Deposits				
Interest-Bearing Deposits	Interest-Bearing Deposits			
Demand – interest-bearing	Demand – interest-bearing	\$ (144)	\$ 635	\$ 491
Demand – interest-bearing				
Demand – interest-bearing				
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	\$ 998	\$ 21,892	\$ 22,890
Change in Net Interest Income	Change in Net Interest Income	\$ 4,973	\$ (7,707)	\$ (2,734)
Change in Net Interest Income				
Change in Net Interest Income				

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

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

(3) 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:

Net Interest Income Rate-Volume Variance	For Nine Months Ended September 30, 2023 over (under) 2022 Due to		
	Change In ⁽¹⁾		
	Volume	Rate	Net
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 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," in to the condensed consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The Corporation's accounting and reporting policies are in accordance with GAAP and conform to general practices within the financial services industry. Accounting and reporting practices for the allowance for credit losses and the fair value of assets acquired and liabilities assumed in connection with business combinations, including the associated goodwill and intangibles that was recorded, required the use of material estimates. Application of assumptions different than those used by management could result in material changes in the Corporation's financial position or results of operations. Note 1 (Summary of Significant Accounting Policies) and Note 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 equity/tangible assets (non-GAAP):	Calculation of tangible book value per common share and tangible 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)	\$	23.52	\$ 22.39
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)					
Tangible common equity / Tangible assets (non-GAAP)					
Tangible common equity / Tangible assets (non-GAAP)					
Tangible common equity /	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	2022			
			2024							
Calculation of efficiency ratio:	Calculation of 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	Efficiency ratio		67.00	%	62.38	%	64.26	%	61.12	%
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):	Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):									

Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):				
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):				
Non-interest expense				
Non-interest expense				
Non-interest expense	Non-interest expense	\$	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)		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 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)									
Efficiency ratio (fully tax equivalent basis) (non-GAAP)									
Efficiency ratio (fully tax equivalent basis) (non-GAAP)									
Efficiency ratio (fully tax equivalent basis) (non-GAAP)	Efficiency ratio (fully tax equivalent basis) (non-GAAP)	66.26	%	61.95	%	63.60	%	60.68	%
(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								
	2024								
Calculation of net interest margin:									
Calculation of net interest margin:									
Calculation of net interest margin:	Calculation of net interest margin:								
Interest income	Interest income	\$	75,516	\$	55,298	\$	214,488	\$	151,293
Interest income									
Interest income									
Interest expense									
Interest expense									
Interest expense	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									
Average total earning assets									
Average total earning assets									
Average total earning assets	Average total earning assets	\$	5,273,758	\$	4,909,666	\$	5,194,485	\$	4,952,999
Net interest margin (GAAP) (annualized)	Net interest margin (GAAP) (annualized)	3.55	%	4.03	%	3.66	%	3.75	%
Net interest margin (GAAP) (annualized)									
Net interest margin (GAAP) (annualized)									
Calculation of net interest margin (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):	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)		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)									
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)								
		\$	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)		(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,	
2024	
2024	
2024	

(unaudited)	(unaudited)
Three Months Ended	Nine Months Ended
September 30,	September 30,
2023	2022
2023	2022

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

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

Net interest income
 Net interest income
 Add: Non-interest income
 Add: Non-interest income

Add: Non-interest income	Add: Non-interest income	7,863	7,959	24,198	25,759
Less: Non-interest expense	Less: Non-interest expense	36,914	36,100	106,892	100,601

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

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

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

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

	(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	2022
	2024				
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):	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)									
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 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)									
(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,			
		2023	2022	2023	2022
		2024			
		2024			
		2024			
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	Calculation of non-interest income				
excluding net	excluding net				
realized gains on	realized gains on				
available-for-sale	available-for-sale				
securities (non-GAAP):	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					
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)					

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

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

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

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

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

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

-300	-300	-300 basis points		
basis	basis			
points	points	(12.4)%	(12.5)%	(3.0)%
				(12.8)%

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⁾
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⁾
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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