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

FORM 10-K

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number 001-39472

CNB FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Relates to an immaterial revision having no impact on our consolidated balance sheets, consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity or consolidated statements of cash flows as of and for the years ended December 31, 2024, 2023, and 2022. Refer to Note 1 of our Consolidated Financial Statements for further information on the revision.

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the last sales price quoted on the Nasdaq Global Select Market on June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was approximately: $405,810,805

The number of shares outstanding of the registrant's common stock as of March 5, 2025: 20,980,333 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Registration Statement on Form S-4, as amended, which is deemed to be a definitive proxy statement under Section 14a-6 of the Securities Exchange Act of 1934, filed with the SEC on March 3, 2025 are incorporated by reference into Part III of this report.

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PART I.

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

ITEM 1. BUSINESS

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

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

CNB Bank

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

ERIEBANK, a division of the Bank, began operations in 2005. In July 2016, the Corporation acquired Lake National Bank, which operated two full-service branches in Mentor, Ohio, approximately 20 miles east of Cleveland, Ohio. The Bank continues to operate one of these branch locations within its ERIEBANK franchise, with the other location ceasing operations in August 2020. In December 2021, the Corporation opened a full-service branch in Cleveland, Ohio. The Bank currently operates thirteen full-service branch locations within its ERIEBANK franchise, a division of the Bank, with its headquarters in Erie, Pennsylvania.

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

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

In 2021, the Bank received regulatory approval to conduct business in the Commonwealth of Virginia as Ridge View Bank, a division of the Bank. The Bank currently operates three full-serve branch locations and one loan production office in Southwest Virginia.

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

The Bank had one loan production office, one drive-up office, one mobile office, and 55 full-service branch offices located in various communities in its market area at December 31, 2024. The CNB Bank franchise's primary market areas are the Pennsylvania counties of Blair, Cambria, Centre, Clearfield, Elk, Indiana, Jefferson, and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie, and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake, and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie and Niagara. Ridge View Bank, a division of the Bank, operates in the Virginia counties of Botetourt, Craig, Franklin, and Roanoke. Impressia Bank, a division of the Bank, operates in the Bank's primary market areas.

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

Merger with ESSA Bancorp, Inc.

On January 9, 2025, the Corporation and CNB Bank entered into a definitive merger agreement (the "Merger Agreement") with ESSA Bancorp, Inc. ("ESSA") and its subsidiary bank, ESSA Bank & Trust Company ("ESSA Bank"), pursuant to which the Corporation will acquire ESSA in an all-stock transaction. Subject to the terms and conditions of the Merger Agreement, which has been approved by the boards of directors of each party, ESSA will merge with and into the Corporation, with the Corporation as the surviving entity, and immediately thereafter, ESSA Bank will merge with and into the Bank, with the Bank as the surviving bank (the "Merger"). Under the terms of the Merger Agreement, each outstanding share of ESSA common stock will be converted into the right to receive 0.8547 shares of the Corporation's common stock. The transaction is currently expected to close in the third quarter of 2025, subject to customary closing conditions, including the receipt of regulatory approvals and approvals by the shareholders of ESSA and the Corporation.

Competition

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

Supervision and Regulation

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

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

Bank Holding Company Regulation

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

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

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

Regulation of CNB Bank

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

Source of Strength Doctrine

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

Identity Theft

The Fair Credit Reporting Act's Red Flags Rule requires financial institutions with covered accounts (e.g., consumer bank accounts and loans) to develop, implement, and administer an identity theft prevention program. This program must include reasonable policies and procedures to detect suspicious patterns or practices that indicate the possibility of identity theft, such as inconsistencies in personal information or changes in account activity.

Capital Adequacy

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

The Capital Rules: (i) include "Common Equity Tier 1" ("CET1") and a related regulatory capital ratio of CET1 to risk-weighted assets; (ii) specify that Tier 1 capital consists of CET1 and "Additional Tier 1 capital" instruments meeting certain revised requirements; (iii) mandate that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital; and (iv) expand the scope of the deductions from and adjustments to capital as compared to existing regulations. Under the Capital Rules, for most banking organizations, including the Corporation, the most common form of Additional Tier 1 capital is non-cumulative perpetual preferred stock, and the most common forms of Tier 2 capital are subordinated notes and a portion of the allocation for allowance for credit losses, in each case, subject to the Capital Rules' specific requirements.

Pursuant to the Capital Rules, the minimum capital ratios are as follows:

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

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

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

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

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

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

Dividend Restrictions

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

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

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

Prompt Corrective Action and Safety and Soundness

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

At December 31, 2024, the Bank qualified as "well capitalized" under applicable regulatory capital standards.

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

Community Reinvestment Act

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

Restrictions on Transactions with Affiliates and Insiders

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

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

Deposit Insurance and Premiums

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

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

In November 2023, the FDIC announced a special assessment on all insured depository institutions with more than $5 billion in total assets, including the Bank, in order to recover the loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. The special assessment is being collected over an eight-quarter collection period (and potentially longer), beginning with the first quarterly assessment period of 2024. The assessment base for the special assessment is equal to an insured depository institution's ("IDI's") estimated uninsured deposits reported as of December 31, 2022, adjusted to exclude the first $5 billion, applicable either to the IDI, if an IDI is not a subsidiary of a holding company, or at the banking organization level, to the extent that an IDI is part of a holding company with one or more subsidiary IDIs.

Financial Privacy and Data Security

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

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

Incentive Compensation

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

USA PATRIOT Act

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

Office of Foreign Assets Control Regulation

The United States government has imposed economic sanctions that affect transactions with designated foreign countries, nationals, and others. These are typically known as the "OFAC" rules based on their administration by the U.S. Treasury Department Office of Foreign Assets Control. The Office of Foreign Assets Control-administered sanctions targeting countries take many different forms. Generally, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on U.S. persons engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a license from the Office of Foreign Assets Control. Failure to comply with these sanctions could have serious legal and reputational consequences.

Other Federal Laws and Regulations

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

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

Governmental Policies

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

Other Legislative Initiatives

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

Human Capital

As of December 31, 2024, the Corporation had a total of 790 employees, of which 769 were full time and 21 were part time.

The Corporation respects and values the responsibilities of the Corporation to act with integrity in a number of community-focused areas, including being reasonably environmentally considerate, and avoiding discrimination of any investors, customers, or employees by promoting a company culture that reflects of the communities the Corporation serves. The Corporation emphasizes relevant governance principles and compliance considerations in strategic planning, human capital management and leadership development (which includes recruiting and retaining employees), and vendor management, as relationships with third parties represent critical connections to and extensions of the values, operating principles, and the commitment to legal and regulatory compliance of the Corporation and the Board of Directors.

Strategic Planning and Related Training

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

Human Capital Management and Leadership Development

The Corporation firmly believes in the importance of succession planning and, as such, has in place a formal succession planning process for all named executive officers, members of the executive management team, and regional presidents. The succession plan was successfully utilized in 2024 after the resignation of a named executive officer, resulting in a seamless transition to a senior executive within the Corporation. A critical factor of the Corporation's succession plan is the training and development of its management team to create a strong internal pipeline of talent to produce the future leaders of the Corporation. The Corporation's succession planning process is further strengthened by its presence in diversified markets that lead to opportunities to attract and retain talent with broad-based skills and experiences.

The Corporation is dedicated to recognizing the unique contribution of each employee and is committed to supporting a workplace that understands, accepts and values the similarities and differences between individuals. The Corporation's key human capital management objectives are to recruit, hire, develop and promote a deeply and broadly experienced employee team that collectively translates into an exceptional workforce committed to fostering, promoting, preserving, and reflecting the entire spectrum of the Corporation's communities and culture, while successfully executing the Corporation's business strategies and exemplifying its corporate values. To support these objectives, the Corporation's Employee Experience processes and programs are designed and operated to:

- Attract and develop talented employees, specifically skilled for their position, from across the spectrum of professional experience, life experience, socio-economic background, and geographic representation;
- Prepare all members of the Corporation's team for critical roles and leadership positions both now and the future, in serving as employees and valuable community members;
- Reward and support employees fairly and without discrimination based on successful performance and through competitive pay and benefit programs;
- Enhance the Corporation's culture through efforts to better understand, foster, promote, and preserve a culture in alignment with the Corporation's core values; and
- Evolve and invest in technology, tools, and resources to better support employees of varying skills and backgrounds at work.

To monitor changes in the Corporation's employee and management groups relative to both composition and growth, the Corporation uses, among other tools, recurring management and employee surveys, profile analyses, and summaries of year-over-year changes to the pools of employees and management within its various banking divisions and the Corporation as a whole, and utilizes the results to track progress and improve the effectiveness of the Corporation's leadership development and workforce profile and personnel management practices.

The Corporation offers a robust range of training programs tailored to meet the needs of employees across all levels and departments. Through the CNB Academy, the Corporation's learning management system, the Corporation delivers targeted learning solutions that empower employees to excel in their roles while advancing their professional growth. The Corporation's training programs are designed to support a culture of continuous learning and career progression. From foundational skills in client interactions to advanced leadership development, employees are equipped with the tools and knowledge to succeed in their current roles and prepare for future opportunities. Career-focused programs like the Mentoring Program, Career Path Planning, and Rising Professionals enable employees to map and achieve their long-term aspirations. By aligning training programs with strategic planning, the Corporation ensures employees are empowered to deliver exceptional service and contribute to organizational success. Through the Corporation's integrated approach, it builds a resilient, innovative workforce that is prepared to adapt to industry challenges and opportunities while upholding the core values that define its institution.

A critical measure is the opportunity for individuals from all professional and demographic backgrounds to advance into senior leadership positions. These leaders have a greater ability to drive innovation and change and provide the Corporation with financial services expertise to ensure the Corporation benefits from the active engagement and perspectives of all groups within its workforce and communities.

Community Involvement and Social Impacts

The Corporation serves as a cornerstone institution of both financial support and community service in the markets in which it serves. The Corporation is committed to strengthening these communities through the active volunteering of its employees. The Corporation's employees actively participate in their local communities through volunteer activities in education, economic development, human and health services, and community reinvestment. During 2024, the Corporation's employees collectively contributed 34,741 hours in voluntary support to 1,397 organizations, with 88% of employees actively participating. Additionally, there were approximately $1.5 million in donations to community organizations and events within the communities the Corporation serves. To encourage employees to give back to their communities, the Corporation introduced the Volunteer Time Off Program, which provides employees with up to 16 hours of paid time off annually to volunteer for nonprofit organizations and local causes who may need volunteer assistance during typical weekday business hours. In 2024, the program was met with tremendous enthusiasm, with employees dedicating a collective total of 3,585 hours to volunteer service across the communities the Corporation serves. Importantly, employees contributed nearly nine times of additional volunteering hours of their own time beyond those hours covered by the Volunteer Time Off Program. From participating in local food drives to mentoring youth and supporting nonprofit initiatives, the program has helped strengthen the Corporation's ties to its communities while fostering a culture of service among its team members. This initiative reflects the Corporation's core values of giving back and making a meaningful difference in the lives of others.

The Corporation also promotes economic development through investments in community-strengthening initiatives, such as affordable housing and revitalization efforts. In 2024, the Corporation invested in two new projects that demonstrate its commitment in this area. Located in a distressed section of downtown Rochester, New York, the Corporation supported a project to rehabilitate four historic commercial buildings into a mixed-use community with four commercial spaces and eleven residential apartments through a combination of debt financing of $9.6 million and an equity investment of $4.1 million in historic tax credits generated by the project. The commercial space will be available at affordable rents to generate economic and small business opportunities particularly marketed towards local and minority/women-owned business enterprises. Additionally, in Parma, Ohio, the Corporation provided debt financing of $5.5 million and made an equity investment of $4.2 million in low-income housing tax credits to support a project to rehabilitate low-income senior housing facility, with 63 units. The project includes extensive improvements to make the facility more energy efficient and to increase the number of units that are handicap accessible.

The Corporation remains deeply committed to promoting financial education within its communities. Through a variety of initiatives, the Corporation aims to empower individuals with the knowledge and tools they need to achieve financial wellness. In 2024, the Corporation launched the Financial Wellness Center, offering a series of free, publicly available online trainings that cover a wide range of finance topics, from budgeting basics to retirement planning. In 2024, CNB Bank partnered with twelve local schools to host seven financial reality fairs for high school students, providing hands-on experiences to help them understand budgeting, saving, and preparing for unexpected expenses. To further support financial literacy, lunch-and-learn sessions are offered regularly on topics such as saving for college, building a healthy financial mindset, and retirement planning. Five lunch and learns were hosted by the Corporation in 2024, with more planned for 2025. These initiatives reflect the Corporation's dedication to fostering a financially informed and resilient community.

The Corporation continued to focus on increasing its outreach to those who have been traditionally underserved by the financial institution industry. Examples of some the Corporation's key recent initiatives are outlined below.

In 2025, the Corporation's new financial education center and community banking office is scheduled to open in downtown Erie, PA. Located on Parade Street, this location aims to provide financial education and accessible banking to underserved communities, promoting economic empowerment, and narrowing the wealth gap. This location will be the first bank to open on Parade Street in over a decade.

Launched in May 2023, Impressia Bank is CNB Bank's sixth division and is dedicated to empowering women business owners and leaders. Headquartered in Buffalo, NY, with additional team members located in Ohio and Pennsylvania, Impressia Bank provides specialized services such as SBA and grant advisory services, wealth management, and private banking. Impressia's mission is to close the gender funding gap and advance economic empowerment for women by offering innovative financial solutions, mentorship, and leadership development opportunities.

BankOnBuffalo's BankOnWheels initiative enhances financial inclusion by delivering banking services to underserved communities. By addressing disparities in access to financial resources, BankOnWheels empowers individuals and communities to fully participate in the economy. The first of its kind operated by any financial institution in Western New York, BankOnWheels is a full-service, yet fully mobile bank branch, which will enable the bank to deliver essential banking services to communities with little or no access to such services today. The BankOnWheels rotates between four locations in the cities of Buffalo and Niagara Falls, which are located in communities underserved by banks.

In May 2023, CNB Bank launched the At Ease Program, tailored to meet the unique financial needs of veterans, active-duty service members, and their families. This program offers specialized benefits, including waived fees, free financial tools, and mobile banking services, reflecting the Corporation's commitment to honoring and supporting the military community.

Available Information

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

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

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

ITEM 1A. RISK FACTORS

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

Economic Risks

Economic conditions could adversely affect our business and financial results.

The Corporation's financial condition and results of operations are impacted by global markets and economic conditions over which the Corporation has no control. Periods of high inflation since the start of 2021 have led to increased costs for businesses and consumers. In addition, international trade disputes, including threatened or implemented tariffs imposed by the U.S. and threatened or implemented tariffs imposed by foreign countries in retaliation, could result in further inflationary pressures that impact costs. An economic downturn or recession, including deterioration in the economic conditions in the U.S., or a slowing or stalled recovery therefrom, may have a material adverse effect on our business, financial condition or results of operations. Poor economic conditions have in the past adversely affected, and may in the future affect, the demand for the Corporation's products, the creditworthiness of the Corporation's borrowers and the value of the Corporation's investment securities and other interest-earning assets. In particular, the Corporation may face the following risks in connection with the economic or market environment:

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

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

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

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

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

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

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

Credit and Interest Rate Risks

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

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

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

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

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

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

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

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

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

Interest rates remain elevated compared to recent years and may increase. As interest rates rise, we experience competitive pressures to increase the rates we pay on deposits, which may decrease our net interest income. Furthermore, elevated interest rates increase our cost of new debt or preferred capital.

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

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

The Corporation's investment securities portfolio has risks beyond its control that can significantly influence the portfolio's fair value. These factors include, but are not limited to, changes in interest rates, changes in prepayment speeds, changes in general economic conditions, rating agency downgrades of the securities, defaults of the issuers of the securities and market liquidity. Any change in current accounting principles or interpretations of these principles could impact the Corporation's assessment of fair value and thus its determination of other-than-temporary impairment of the securities in its investment securities portfolio.

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

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

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

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

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

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

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

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

Risks Related to an Investment in the Corporation's Securities

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

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

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

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

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

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

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

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

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

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

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

Operational and Strategic Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Corporation, primarily through the Bank, depends on its information technology networks and systems to continuously process, record and monitor a large number of customer transactions and to process, transmit and store proprietary and confidential information, including personal information of employees and customers. Accordingly, the Corporation's and its subsidiaries' information technology networks and systems must continue to be safeguarded and monitored for potential failures, vulnerabilities, disruptions and breakdowns. We face cybersecurity threats, including system, network or internet failures, cyber attacks, ransomware and other malware, social engineering, phishing schemes and workforce member error, negligence, or fraud. Although the Corporation has business continuity plans and other safeguards in place, any such cybersecurity incident, including those impacting personal information, could result in customer attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could materially adversely affect the Corporation's results of operations or financial condition. Further, new technologies such as artificial intelligence may be more capable at evading these safeguard measures.

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

As of December 31, 2024, the Corporation has not experienced any material risks from cybersecurity threats, including as a result of any previous cybersecurity incidents or threats, that have materially affected the business strategy, results of operations or financial condition of the Corporation. However, there can be no assurance that the Corporation or its subsidiaries will remain unaffected in the future. Given the evolving nature of security threats and evolving safeguards, there can be no assurance that any preventive, protective, or remedial data security measures that we or our third-party service providers implement are or will be adequate to detect or prevent all cybersecurity incidents. The Corporation continues to enhance its data security systems, technology platforms, employee education and risk management processes, in an effort to underpin its business strategy as well as in response to the evolving threat landscape and any incidents we experience. In connection with these efforts, we have incurred costs and expect to incur additional costs as we continue to enhance our data security infrastructure and take further steps to prevent unauthorized access to our systems and the data we maintain. In addition, any actual or perceived failure by the Corporation or our vendors or business partners to comply with our privacy, confidentiality, or data security-related legal or other obligations to third parties may result in claims by third parties that we have breached our privacy- or confidentiality-related obligations, which could materially and adversely affect our business and prospects.

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

Additionally, while we have implemented security measures that we believe are appropriate, a regulator could deem our security measures not to be appropriate given the lack of prescriptive measures in certain data protection laws. Furthermore, increased regulation of data collection, use and retention practices, including self-regulation and industry standards, changes in existing laws and regulations, enactment of new laws and regulations, increased enforcement activity, and changes in interpretation of laws, could increase our cost of compliance and operation, limit our ability to grow our business or otherwise harm the Corporation.

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

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

A pandemic could negatively impact the global economy, disrupt financial markets and international trade, and result in varying unemployment levels, all of which could negatively impact our business, results of operations, cash flows, and financial condition. In response to pandemic outbreaks, governments and other authorities around the world, including federal, state and local authorities in the United States, have imposed, and may in the future impose measures intended to mitigate its spread, including restrictions on freedom of movement and business operations such as issuing guidelines, travel bans, border closings, business closures and quarantine orders.

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

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

Our use of artificial intelligence could expose us to various risks.

We have begun to utilize artificial intelligence technologies in various aspects of our business, including internal training material creation. Artificial intelligence technologies are susceptible to errors and other malfunctions which could lead to operational challenges and reputational risks. In addition, we may be subject to increasing regulations related to our use of artificial intelligence, including regulations related to privacy, data security, and intellectual property rights, which could expose us to legal risks.

Risks Related to Legal and Compliance Matters

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

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

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

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

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

General Risk Factors

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

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

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

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

Risks Related to the Merger with ESSA

The market price of the Corporation's common stock may decline as a result of the Merger and the market price of the Corporation's common stock after the consummation of the Merger may be affected by factors different from those affecting the price of the Corporation's common stock before the Merger.

The market price of the Corporation's common stock may decline as a result of the Merger if the Corporation does not achieve the perceived benefits of the Merger or the effect of the Merger on the Corporation's financial results is not consistent with the expectations of financial or industry analysts.

In addition, the consummation of the Merger will result in the combination of two companies that currently operate as independent companies. The business of the Corporation and the business of ESSA differ. As a result, while the Corporation expects to benefit from certain synergies following the Merger, the Corporation may also encounter new risks and liabilities associated with these differences. Following the Merger, shareholders of the Corporation and ESSA will own interests in a combined company operating an expanded business and may not wish to continue to invest in the Corporation, or for other reasons may wish to dispose of some or all of their shares of the Corporation's common stock. If, following the effective time of the Merger, large amounts of the Corporation's common stock are sold, the price of the Corporation's common stock could decline.

Further, the results of operations of the Corporation and the market price of the Corporation's common stock after the Merger may be affected by factors different from those currently affecting the independent results of operations of each of the Corporation and ESSA and the market price of the Corporation's common stock. Accordingly, the Corporation's historical market prices and financial results may not be indicative of these matters for the Corporation after the Merger.

The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed.

The Corporation and ESSA can mutually agree to terminate the Merger Agreement at any time before the Merger has been completed, and either company can terminate the Merger Agreement if:

- any regulatory approval required for consummation of the Merger and the other transactions contemplated by the Merger Agreement has been denied by final, nonappealable action of any regulatory authority, or an application for regulatory approval has been permanently withdrawn at the request of a governmental authority;
- the required approval of the issuance of common stock of the Corporation in connection with the Merger by the Corporation's shareholders or the required approval of the Merger Agreement by the ESSA shareholders are not obtained;
- the other party materially breaches any of its representations, warranties, covenants or other agreements set forth in the Merger Agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement), which breach is not cured within 30 days of written notice of the breach, or by its nature cannot be cured prior to the closing of the Merger, and such breach would entitle the non-breaching party not to consummate the Merger; or
- the Merger is not consummated by January 9, 2026, unless the failure to consummate the Merger by such date is due to a material breach of the Merger Agreement by the terminating party.

In addition, the Corporation may terminate the Merger Agreement if:

- ESSA breaches the non-solicitation provisions in the Merger Agreement; or
- the ESSA Board of Directors:
  - fails to recommend approval of the Merger Agreement, or withdraws, modifies or changes such recommendation in a manner adverse to the Corporation's interests; or
  - recommends, proposes or publicly announces its intention to recommend or propose to engage in an acquisition transaction with any person other than the Corporation or any of its subsidiaries; or
- ESSA fails to call, give notice of, convene and hold its special meeting.

ESSA may terminate the Merger Agreement, subject to its compliance with the Merger Agreement, if ESSA has received an acquisition proposal, and the ESSA Board of Directors has made a determination that such proposal is a superior proposal and has determined to accept such proposal.

Failure to complete the Merger could negatively impact the stock price of the Corporation and its future business and financial results.

Completion of the Merger is subject to the satisfaction or waiver of a number of conditions, including approval by ESSA shareholders of the Merger. The Corporation cannot guarantee when or if these conditions will be satisfied or that the Merger will be successfully completed. The consummation of the Merger may be delayed, the Merger may be consummated on terms different than those contemplated by the Merger Agreement, or the Merger may not be consummated at all. If the Merger is not completed, the ongoing business of the Corporation may be adversely affected, and the Corporation will be subject to several risks, including the following:

- the Corporation could incur substantial costs relating to the proposed Merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and
- the Corporation's management and employees' attention may be diverted from their day-to-day business and operational matters as a result of efforts relating to the attempt to consummate the Merger.

In addition, if the Merger is not completed, the Corporation may experience negative reactions from the financial markets and from its customers and employees. The Corporation also could be subject to litigation related to any failure to complete the Merger or to enforcement proceedings commenced against the Corporation to perform its obligations under the Merger Agreement. If the Merger is not completed, the Corporation cannot assure its stockholders that the risks described above will not materialize and will not materially affect the Corporation's business and financial results or the stock price of the Corporation.

The integration of the Corporation and ESSA will present significant challenges and expenses that may result in the combined business not operating as effectively as expected, or in the failure to achieve some or all of the anticipated benefits of the transaction.

The benefits and synergies expected to result from the proposed Merger will depend in part on whether the operations of ESSA can be integrated in a timely and efficient manner with those of the Corporation. The Corporation will face challenges and costs in consolidating its functions with those of ESSA, and integrating the organizations, procedures and operations of the two businesses. The integration of the Corporation and ESSA will be complex and time-consuming, and the management of both companies will have to dedicate substantial time and resources to it. These efforts could divert management's focus and resources from serving existing customers or other strategic opportunities and from day-to-day operational matters during the integration process. Failure to successfully integrate the operations of the Corporation and ESSA could result in the failure to achieve some of the anticipated benefits from the transaction, including cost savings and other operating efficiencies, and the Corporation may not be able to capitalize on the existing relationships of ESSA to the extent anticipated, or it may take longer, or be more difficult or expensive than expected to achieve these goals. This could have an adverse effect on the business, results of operations, financial condition or prospects of the Corporation and/or the Bank after the transaction.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

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

The Corporation maintains a Cybersecurity Incident Response Plan (the "CSIRP"), which establishes an organizational framework and guidelines intended to facilitate an effective response and handling of cybersecurity incidents that could jeopardize the availability, integrity, or confidentiality of the Corporation's assets. Pursuant to the CSIRP and its escalation protocols, designated personnel are responsible for assessing the severity of the incident and associated threat, containing the threat, remediating the threat, including recovery of data and access to systems, analyzing the reporting and disclosure obligations associated with the incident, and performing post-incident analysis and program improvements. While the particular personnel assigned to an incident response team will depend on the particular facts and circumstances, the CITSO and the VP of Information Security primarily lead these efforts.

The Corporation works closely with its internal auditors to assess, identify, and manage cybersecurity risks. In addition, the Corporation engages with third party cybersecurity specialists to provide an independent assessment of the Corporation's cybersecurity programs and to prepare a 3-year plan to maintain compliance and operational excellence. Management periodically reviews the 3-year plan and modifies it in response to changes in the threat landscape or otherwise as needed. Management has not identified risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Corporation, including its business strategy, results of operations or financial condition. However, there can be no assurance that the Corporation's security efforts and measures will be effective or that attempted security incidents or disruptions would not be successful or damaging. In addition, although the Corporation maintains cybersecurity insurance to provide some coverage for certain risks arising out of data and network breaches, there can be no assurance that the Corporation' cybersecurity insurance coverage will be sufficient in the event of a cyber attack. See "Item 1A. Risk Factors" above for more information.

Governance

The Board of Directors is responsible for overseeing the assessment and management of enterprise-level risks that may impact the Corporation. The Audit Committee has primary responsibility for overseeing risk management, including oversight of risks from cybersecurity threats. The boards of directors of the Corporation and the Bank have also established an IT Committee, consisting of at least three independent directors, along with non-voting members from management, including the President and CEO, the Chief Financial Officer, the CITSO, the SVP of Operations, the VP of Information Technology, and the VP of Information Security. The IT Committee assists the boards of directors of the Corporation and CNB Bank in fulfilling their respective governance responsibilities for CNB's information technology and related data security infrastructure under relevant regulatory safety and soundness requirements. Management, including the CITSO, reports on cybersecurity matters regularly to the Board, primarily through the Audit Committee and IT Committee, including an annual report regarding specific risks and mitigation efforts within the Bank and a 3-year cybersecurity threat assessment conducted by third party experts. Management provides benchmarking information and updates on key operational and compliance metrics to the Board of Directors. In addition, cybersecurity training is provided to the full Board of Directors to educate directors on the current cyber threat environment and measures companies can take to mitigate risk and impact of cyber attacks. Several members of the Board of Directors, including the Chairperson of the Audit Committee, also have cybersecurity experience.

As described above, management is actively involved in assessing and managing the Bank's material cybersecurity risks. The Corporation's incident response plan provides clear communication protocols, including with respect to members of senior management, which may include the CEO, the CFO, the Board of Directors, the Audit Committee and external legal counsel. In addition, the incident response plan considers communications and reporting to customers, regulators and law enforcement.

The CITSO, who reports directly to the CEO, is responsible for the oversight of the Corporation's IT operation, including the cybersecurity program, and holds a Bachelor of Science degree in Information Technology and Security and a Master of Science in Information Security and Assurance. He also holds 20 industry recognized Technology and Security certifications. The VP of Information Security reports directly to the CITSO and has responsibility for leadership of the Bank's cybersecurity program. He holds a bachelor's degree in mathematics and computer science, as well as several industry recognized information security certifications. The VP of Information Technology reports directly to the CITSO and has responsibility for leadership of the Bank's Information Technology program. He holds a bachelor's degree in information technology and has worked in the technology field for 29 years with 17 of those years in a financial institution in various technology management, security, and audit roles.

ITEM 2. PROPERTIES

The headquarters of the Corporation and the Bank are located at 1 South Second Street, Clearfield, Pennsylvania, in a building owned by the Corporation. The Bank operates 55 full-service offices at December 31, 2024. Of these 55 offices, 29 are owned and 25 are leased from independent owners and one is leased from the Corporation. Holiday has six full-service offices, of which five are leased from independent owners and one is leased from the Corporation. The CNB Bank franchise's primary market areas are the Pennsylvania counties of Blair, Cambria, Centre, Clearfield, Elk, Indiana, Jefferson, and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie, and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake, and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie, Niagara, and Ontario. Ridge View Bank, a division of the Bank, operates in the Virginia counties of Botetourt, Craig, Franklin, Montgomery, and Roanoke. Impressia Bank, a division of the Bank, operates in the Bank's primary market areas. There are no encumbrances on the offices owned and the rental expense on the leased property is immaterial in relation to operating expenses. The initial lease terms range from one to twenty years.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

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

Our common stock is traded on the Global Select Market of NASDAQ under the symbol "CCNE." As of December 31, 2024, the number of shareholders of record of the Corporation's common stock was 8,461.

Issuer Purchases of Equity Securities

The following table provides information with respect to any purchase of shares of the Corporation's common stock made by or on behalf of the Corporation for the quarter ended December 31, 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that May Yet Be Purchased Under the Plans or Programs [1]
October 1 – 31, 2024	—	$ —	—	500,000
November 1 – 30, 2024	—	—	—	500,000
December 1 – 31, 2024	—	—	—	500,000
Total	—	$ —	—	500,000

[1] On June 12, 2024, the Corporation received acknowledgement from the Federal Reserve of the Corporation's 2024 Common Share Repurchase Program (the "2024 Plan"). The Corporation's Board of Directors previously approved the 2024 Plan, subject to the Federal Reserve Bank's response, authorizing the repurchase from time to time by the Corporation of up to 500,000 shares of the Corporation's common stock, provided that the aggregate purchase price of shares of common stock repurchased does not exceed $15,000,000. Pursuant to the 2024 Plan, repurchase of common stock, if any, are authorized to be made during the period beginning on June 12, 2024 (the date on which the Corporation received acknowledgement from the Federal Reserve Bank) through and including May 14, 2025, through open market purchases, privately negotiated transactions or in such other manner as will comply with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, subject to compliance with any material agreement to which the Corporation is a party. Depending on market conditions and other factors, these repurchases may be commenced or suspended without prior notice. As of December 31, 2024, there were 500,000 shares remaining for repurchase under the 2024 Plan.

Additionally, during the quarter ended December 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.

Dividends 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.

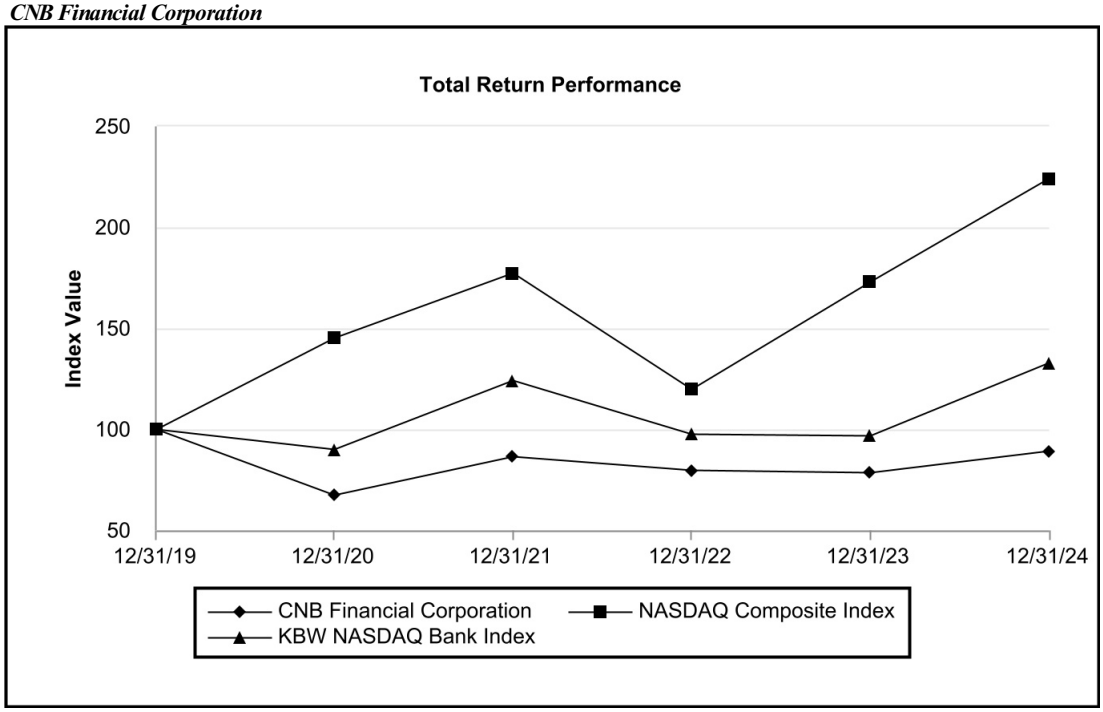
The payment of dividends by the Bank and the Corporation may also be affected by other factors, such as the requirement to maintain adequate capital above regulatory requirements. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to 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.

Share Return Performance

Set forth below is a chart comparing the Corporation's cumulative return to stockholders against the cumulative return of the NASDAQ Composite Index and a peer group index of banking organizations for the five-year period commencing December 31, 2019 and ending December 31, 2024.

CNB Financial Corporation



	Period Ending					
Index	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
CNB Financial Corporation	100.00	67.42	86.27	79.58	78.30	88.96
NASDAQ Composite Index	100.00	144.92	177.06	119.45	172.77	223.87
KBW NASDAQ Bank Index	100.00	89.69	124.06	97.52	96.65	132.60

Source: S&P Global Market Intelligence
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ITEM 6. RESERVED

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations is presented to provide insight into management's assessment of financial results and should be read in conjunction with the following parts of this Annual Report on Form 10-K: Part I, Item 1 "Business," Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," and Part II, Item 8 "Financial Statements and Supplementary Data." This section of this Annual Report on Form 10-K generally discusses 2024 and 2023 items and year-to-year comparisons between 2024 and 2023. Discussions of 2022 items and year-to-year comparisons between 2023 and 2022 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023.

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

Forward-Looking Statements and Factors that Could Affect Future Results

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

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

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

Overview

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

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

Merger with ESSA Bancorp, Inc.

On January 9, 2025, the Corporation and CNB Bank entered into the Merger Agreement with ESSA and ESSA Bank, pursuant to which the Corporation will acquire ESSA in an all-stock transaction. Subject to the terms and conditions of the Merger Agreement, which has been approved by the boards of directors of each party, ESSA will merge with and into the Corporation, with the Corporation as the surviving entity, and immediately thereafter, ESSA Bank will merge with and into the Bank, with the Bank as the surviving bank. Under the terms of the Merger Agreement, each outstanding share of ESSA common stock will be converted into the right to receive 0.8547 shares of the Corporation's common stock. The transaction is currently expected to close in the third quarter of 2025, subject to customary closing conditions, including the receipt of regulatory approvals and approvals by the shareholders of ESSA and the Corporation.

Non-GAAP Financial Information

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

Non-GAAP measures reflected within the discussion below include:

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

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

Primary Factors Used To Evaluate Performance

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

Financial Condition

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

	2024 Balance	2023 Balance	$ Change vs. prior year	% Change vs. prior year
Total assets	$ 6,192.0	$ 5,753.0	$ 439.1	7.6 %
Total loans, net of allowance for credit losses	4,561.6	4,422.6	139.0	3.1
Total securities	785.1	740.2	44.9	6.1
Total deposits	5,371.4	4,998.8	372.6	7.5
Total shareholders' equity	610.7	571.2	39.4	6.9

Cash and Cash Equivalents

Cash and cash equivalents totaled $443.0 million at December 31, 2024, including $375.0 million held at the Federal Reserve, compared to $222.0 million at December 31, 2023. These excess funds, when combined with collective contingent liquidity resources of $4.6 billion including (i) available borrowing capacity from the FHLB and the Federal Reserve, and (ii) available unused commitments from brokered deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, result in the total on-hand and contingent liquidity sources for the Corporation to be approximately 5.0 times the estimated amount of adjusted uninsured deposit balances. The increase in cash and cash equivalents from December 31, 2023 to December 31, 2024, was primarily due to an increase in deposits, partially offset by an increase in the loan portfolio and securities portfolio.

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

Securities

AFS debt securities and equity securities totaled $479.0 million and $351.3 million at December 31, 2024 and 2023, respectively. Investments classified as held-to-maturity ("HTM") securities totaled $306.1 million and $389.0 million at December 31, 2024 and 2023, respectively.

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 2, "Securities," to the consolidated financial statements provides more detail concerning the composition of the Corporation's securities portfolio and the process for evaluating securities for impairment.

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of AFS debt securities as of December 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.

	December 31, 2024									
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield
U.S. Government Sponsored Entities	$ 14,810	4.73 %	$ —	—%	$ —	—%	$ —	—%	$ 14,810	4.73 %
State and Political Subdivisions	6,994	3.07	36,071	2.39	32,945	2.25	14,946	2.21	90,956	2.36
Residential and multi-family mortgage	4,957	3.08	5,868	2.87	17,199	1.81	290,886	3.48	318,910	3.37
Corporate notes and bonds	1,984	5.89	8,710	4.88	24,516	4.17	—	—	35,210	4.44
Pooled SBA	—	—	540	4.69	6,825	2.46	1,295	2.14	8,660	2.55
Total	$ 28,745	4.12 %	$ 51,189	2.89 %	$ 81,485	2.75 %	$ 307,127	3.41 %	$ 468,546	3.28 %

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

	December 31, 2024									
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield	$ Amt.	Yield
U.S. Government Sponsored Entities	$ 52,148	1.44 %	$ 158,625	1.61 %	$ 18,731	1.92 %	$ —	—%	$ 229,504	1.60 %
Residential and multi-family mortgage	3,000	1.76	327	2.88	3,368	2.96	69,882	2.56	76,577	2.55
Total	$ 55,148	1.46 %	$ 158,952	1.61 %	$ 22,099	2.08 %	$ 69,882	2.56 %	$ 306,081	1.84 %

The following table summarizes the weighted average modified duration of AFS debt securities as of December 31, 2024.

	Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities	0.34
State and Political Subdivisions	4.89
Residential and multi-family mortgage	3.85
Corporate notes and bonds	4.13
Pooled SBA	2.27
Total	3.93

The following table summarizes the weighted average modified duration of HTM debt securities as of December 31, 2024.

	Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities	2.18
Residential and multi-family mortgage	4.90
Total	2.86

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

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

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

Loans Receivable

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

At December 31, 2024, loans totaled $4.5 billion, excluding the balances of syndicated loans. This adjusted total of $4.5 billion in loans represented an increase of $169.4 million, or 3.88%, compared to the same adjusted total loans measured as of December 31, 2023. Loan growth for the year ended December 31, 2024, primarily resulted from growth in commercial and residential real estate loans in the Corporation's recent expansion markets of Cleveland, OH and Roanoke, VA. Additional growth occurred in the commercial and residential real estate loans in the Columbus, OH market, commercial industrial loans in the Erie, PA market and residential real estate loans in CNB Bank’s Private Banking division.

At December 31, 2024, the Corporation's balance sheet reflected a decrease in syndicated lending balances of $28.8 million compared to December 31, 2023, reflecting scheduled paydowns or early payoffs of certain syndicated credits during 2024. The syndicated loan portfolio totaled $79.9 million, or 1.73% of total loans at December 31, 2024, compared to $108.7 million, or 2.43% of total loans, at December 31, 2023.

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 December 31, 2024, the Corporation had the following key metrics related to its office, hospitality and multifamily portfolios:

- Commercial office loans
  - There were 112 outstanding loans, totaling $113.7 million, or 2.47% of total Corporation loans outstanding;
  - There were no nonaccrual commercial office loans at December 31, 2024;
  - There were no past due commercial office loans at December 31, 2024; and
  - The average outstanding balance per commercial office loan was $1.0 million.

- Commercial hospitality loans
  - There were 170 outstanding loans, totaling $321.6 million, or 6.98% of total Corporation loans outstanding;
  - There were no nonaccrual commercial hospitality loans at December 31, 2024;
  - There were no past due commercial hospitality loans at December 31, 2024; and
  - The average outstanding balance per commercial hospitality loan was $1.9 million.

- Commercial multifamily loans
  - There were 225 outstanding loans, totaling $367.6 million, or 7.98% of total Corporation loans outstanding;
  - There were two nonaccrual commercial multifamily loan that totaled $20.7 million, or 5.62% of total multifamily loans outstanding. As previously discussed, one customer relationship did have a specific reserve of $885 thousand, while the other customer relationship did not have a related specific loss reserve at December 31, 2024;
  - There were three past due commercial multifamily loans that totaled $21.1 million, or 5.75% of total commercial multifamily loans outstanding at December 31, 2024; and
  - The average outstanding balance per commercial multifamily loan was $1.6 million.

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

	December 31, 2024
Commercial Office	
Geographic Region:	
Buffalo, NY	32.61 %
Cleveland, OH	30.29
Cincinnati, OH	9.74
Columbus, OH	6.40
All other geographical regions	20.96
Total Commercial Office	100.00 %
Commercial Hospitality	
Geographic Region:	
Buffalo, NY	19.19 %
Columbus, OH	18.42
Pittsburgh, PA	16.74
Cleveland, OH	7.61
All other geographical regions	38.04
Total Commercial Hospitality	100.00 %
Commercial Multifamily	
Geographic Region:	
Cleveland, OH	44.45 %
Buffalo, NY	22.48
Columbus, OH	16.05
All other geographical regions	17.02
Total Commercial Multifamily	100.00 %

The Corporation had no commercial office, hospitality or multifamily loan relationships considered by the banking regulators to be a high volatility commercial real estate credit ("HVCRE") as of December 31, 2024.

Maturities and Sensitivities of Loans Receivable to Changes in Interest Rate

The following table presents the maturity distribution of the Corporation's loans receivable at December 31, 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.

	December 31, 2024				
	Due in One Year or Less	After One, but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
Loans Receivable with Fixed Interest Rate					
Farmland	$ 59	$ 1,872	$ 6,899	$ —	$ 8,830
Owner-occupied, nonfarmnonresidential properties	23,460	26,489	11,466	2,105	63,520
Agricultural production and other loans to farmers	3	69	—	9	81
Commercial and Industrial	10,133	218,859	53,194	22,613	304,799
Obligations (other than securities and leases) of states and political subdivisions	2,926	15,550	78,092	7,565	104,133
Other loans	346	864	1,022	12,708	14,940
Other construction loans and all land development and other land loans [1]	56,614	17,610	8,473	764	83,461
Multifamily (5 or more) residential properties	27,916	26,892	2,598	4,212	61,618
Non-owner occupied, nonfarmnonresidential properties	52,388	111,219	59,225	773	223,605
1-4 Family Construction [1]	188	—	—	1,059	1,247
Home equity lines of credit	7	62	365	285	719
Residential Mortgages secured by first liens	4,463	30,361	211,817	131,691	378,332
Residential Mortgages secured by junior liens	268	7,354	67,519	15,193	90,334
Other revolving credit plans	5	14	17	—	36
Automobile	413	15,897	4,651	—	20,961
Other consumer	4,239	33,029	8,726	7,562	53,556
Credit cards	—	—	—	—	—
Overdrafts	—	—	—	—	—
Total	$ 183,428	$ 506,141	$ 514,064	$ 206,539	$ 1,410,172
Loans Receivable with Variable or Floating Interest Rate					
Farmland	$ 1,908	$ 4,389	$ 8,192	$ 7,780	$ 22,269
Owner-occupied, nonfarmnonresidential properties	20,777	91,263	283,218	56,430	451,688
Agricultural production and other loans to farmers	787	40	5,584	—	6,411
Commercial and Industrial	279,023	75,788	58,361	804	413,976
Obligations (other than securities and leases) of states and political subdivisions	1,398	3,284	11,371	20,244	36,297
Other loans	2,289	2,761	8,120	—	13,170
Other construction loans and all land development and other land loans [1]	96,331	64,262	27,913	10,945	199,451
Multifamily (5 or more) residential properties	54,122	46,284	244,901	4,221	349,528
Non-owner occupied, nonfarmnonresidential properties	139,635	217,999	401,778	50,524	809,936
1-4 Family Construction [1]	4,649	13,836	1,380	5,319	25,184
Home equity lines of credit	7,928	8,042	38,984	110,654	165,608
Residential Mortgages secured by first liens	18,145	24,115	134,001	458,153	634,414
Residential Mortgages secured by junior liens	1,587	638	12,895	1,008	16,128
Other revolving credit plans	8,322	2,500	28,849	1,388	41,059
Automobile	—	—	—	—	—
Other consumer	3	57	146	59	265
Credit cards	13,143	—	—	—	13,143
Overdrafts	257	—	—	—	257
Total	$ 650,304	$ 555,258	$ 1,265,693	$ 727,529	$ 3,198,784

[1] 1-4 family construction loans and other construction loans and all land development and other land loans segments may include loans that have a permanent financing period as part of the original term of the loan. Upon completion of the construction period the loans are reclassified to their permanent financing loan segment.

Loan Concentration

At December 31, 2024, no industry concentration existed which exceeded 10% of the total loan portfolio.

Loan Quality

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

	December 31, 2024	December 31, 2023
Nonaccrual loans	$ 56,323	$ 29,639
Accrual loans greater than 90 days past due	653	55
Total nonperforming loans	56,976	29,694
Other real estate owned	2,509	2,111
Total nonperforming assets	$ 59,485	$ 31,805
Total loans	$ 4,608,956	$ 4,468,476
Nonaccrual loans as a percentage of loans	1.22 %	0.66 %
Total assets	$ 6,192,010	$ 5,752,957
Nonperforming assets as a percentage of total assets	0.96 %	0.55 %
Allowance for credit losses on loans	$ 47,357	$ 45,832
Allowance for credit losses / Total loans	1.03 %	1.03 %
Ratio of allowance for credit losses on loans to nonaccrual loans	84.08 %	154.63 %

Total nonperforming assets were approximately $59.5 million, or 0.96% of total assets, as of December 31, 2024, compared to $31.8 million, or 0.55% of total assets, as of December 31, 2023. The increase in nonperforming assets for the year ended December 31, 2024, was due to one commercial multifamily relationship totaling $20.4 million with a specific reserve balance of $885 thousand. Management does not believe there is a risk of significant additional loss exposure beyond the specific reserves related to this loan relationship and is actively working with the borrower and their real estate broker to facilitate the sale of the property. In addition, to the loan relationship discussed above, there were two other relationships: (i) a commercial and industrial and owner-occupied commercial real estate relationship as previously disclosed in the second quarter of 2024 and (ii) a commercial relationship (consisting of various loan types) in the third quarter of 2024 that contributed to the increase in nonperforming assets as of December 31, 2024, compared to December 31, 2023.

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

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

Allowance for Credit Losses

The amount of each allowance for credit losses account represents management's best estimate of current expected credit losses on these financial instruments considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Relevant available information includes historical credit loss experience, current conditions, and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant internal and external factors. While management utilizes its best judgment and information available, the ultimate adequacy of the Corporation's allowance for credit losses account is dependent upon a variety of factors beyond the Corporation's control, including the performance of the Corporation's loan portfolios, the economy, changes in interest rates, and the view of the regulatory authorities toward classification of assets. The adequacy of the allowance for credit losses is subject to a formal analysis by the Credit Administration and Finance Departments of the Corporation. For additional information regarding the Corporation's accounting policies related to credit losses, refer to Note 1, "Summary of Significant Accounting Policies" and Note 3, "Loans and Allowance for Credit Losses" to these consolidated financial statements.

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

	December 31, 2024			
	Amount of Allowance Allocated	Percent of Loans in Each Category to Total Loans	Total Loans	Ratio of Allowance Allocated to Loans in Each Category
Farmland	$ 167	0.67 %	$ 31,099	0.54 %
Owner-occupied, nonfarm nonresidential properties	5,696	11.18	515,208	1.11
Agricultural production and other loans to farmers	37	0.14	6,492	0.57
Commercial and Industrial	7,759	15.60	718,775	1.08
Obligations (other than securities and leases) of states and political subdivisions	1,369	3.05	140,430	0.97
Other loans	329	0.61	28,110	1.17
Other construction loans and all land development and other land loans	2,571	6.14	282,912	0.91
Multifamily (5 or more) residential properties	2,969	8.92	411,146	0.72
Non-owner occupied, nonfarm nonresidential properties	10,110	22.42	1,033,541	0.98
1-4 Family Construction	198	0.57	26,431	0.75
Home equity lines of credit	1,340	3.61	166,327	0.81
Residential Mortgages secured by first liens	8,958	21.97	1,012,746	0.88
Residential Mortgages secured by junior liens	1,343	2.31	106,462	1.26
Other revolving credit plans	960	0.89	41,095	2.34
Automobile	275	0.45	20,961	1.31
Other consumer	2,892	1.17	53,821	5.37
Credit cards	127	0.29	13,143	0.97
Overdrafts	257	0.01	257	100.00
Total loans	$ 47,357	100.00 %	$ 4,608,956	1.03 %

	December 31, 2023 [1]			
	Amount of Allowance Allocated	Percent of Loans in Each Category to Total Loans	Total Loans	Ratio of Allowance Allocated to Loans in Each Category
Farmland	$ 138	0.76 %	$ 33,485	0.41 %
Owner-occupied, nonfarm nonresidential properties	4,131	11.46	511,910	0.81
Agricultural production and other loans to farmers	7	0.04	1,652	0.42
Commercial and Industrial	9,500	16.26	726,442	1.31
Obligations (other than securities and leases) of states and political subdivisions	2,627	3.41	152,201	1.73
Other loans	389	0.57	25,507	1.53
Other construction loans and all land development and other land loans	2,830	7.62	340,358	0.83
Multifamily (5 or more) residential properties	1,251	6.84	305,697	0.41
Non-owner occupied, nonfarm nonresidential properties	9,783	22.02	984,033	0.99
1-4 Family Construction	191	0.63	28,055	0.68
Home equity lines of credit	844	2.92	130,700	0.65
Residential Mortgages secured by first liens	8,274	22.50	1,005,335	0.82
Residential Mortgages secured by junior liens	1,487	2.04	91,240	1.63
Other revolving credit plans	977	0.96	42,877	2.28
Automobile	360	0.57	25,315	1.42
Other consumer	2,656	1.14	51,592	5.15
Credit cards	95	0.26	11,785	0.81
Overdrafts	292	0.01	292	100.00
Total loans	$ 45,832	100.00 %	$ 4,468,476	1.03 %

[1] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the amount of allowance allocated and total loans receivable columns disclosure as of December 31, 2023, to reflect the revisions for the applicable portfolio segments.

The allowance for credit losses measured as a percentage of total loans was 1.03% as of December 31, 2024 and 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 year ended December 31, 2024, the allowance for credit losses increased $1.5 million. This increase was primarily driven by growth in the Corporation's loan portfolio in new market areas as well as an increased unemployment rate forecast, partially offset by improvements in the Corporation's historical loss rates, annual updates to the Corporation's loss drivers and assumptions, as well as the impact of net charge-offs. Significant uncertainty persists regarding the domestic and global economy due to persistent inflation in certain segments of the U.S. economy, elevated interest rates, fluctuating levels of consumer confidence, and geopolitical conflicts. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Note 3, "Loans Receivable and Allowance for Credit Losses," to the consolidated financial statements provides further disclosure of loan balances by portfolio segment as of December 31, 2024 and 2023.

Additional information related to credit loss expense and net (charge-offs) recoveries at December 31, 2024, 2023, and 2022 is presented in the tables below.

	Year Ended December 31, 2024			
	Provision (Benefit) for Credit Losses on Loans Receivable [1]	Net (Charge-Offs) Recoveries	Average Loans Receivable	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
Farmland	$ 29	$ —	$ 32,278	—%
Owner-occupied, nonfarm nonresidential properties	2,958	(1,393)	526,379	(0.26)
Agricultural production and other loans to farmers	30	—	2,456	—
Commercial and Industrial	628	(2,369)	700,935	(0.34)
Obligations (other than securities and leases) of states and political subdivisions	(1,258)	—	151,788	—
Other loans	(60)	—	26,831	—
Other construction loans and all land development and other land loans	(248)	(11)	401,083	—
Multifamily (5 or more) residential properties	1,718	—	310,485	—
Non-owner occupied, nonfarm nonresidential properties	1,248	(921)	927,788	(0.10)
1-4 Family Construction	7	—	34,451	—
Home equity lines of credit	491	5	145,978	—
Residential Mortgages secured by first liens	763	(79)	1,003,331	(0.01)
Residential Mortgages secured by junior liens	(144)	—	97,421	—
Other revolving credit plans	109	(126)	40,971	(0.31)
Automobile	55	(140)	22,821	(0.61)
Other consumer	2,138	(1,902)	51,793	(3.67)
Credit cards	158	(126)	14,274	(0.88)
Overdrafts	415	(450)	241	(186.72)
Total	$ 9,037	$ (7,512)	$ 4,491,304	(0.17)%

[1] Excludes provision for credit losses totaling $944 thousand related to unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

	Year Ended December 31, 2023 [1]			
	Provision (Benefit) for Credit Losses on Loans Receivable [2]	Net (Charge-Offs) Recoveries	Average Loans Receivable	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans Receivable
Farmland	$ (21)	$ —	$ 34,397	—%
Owner-occupied, nonfarm nonresidential properties	1,223	3	502,925	—
Agricultural production and other loans to farmers	1	—	1,255	—
Commercial and Industrial	(312)	46	777,991	0.01
Obligations (other than securities and leases) of states and political subdivisions	764	—	154,225	—
Other loans	(67)	—	30,410	—
Other construction loans and all land development and other land loans	(423)	—	435,967	—
Multifamily (5 or more) residential properties	(1,043)	(59)	259,557	(0.02)
Non-owner occupied, nonfarm nonresidential properties	2,814	(684)	838,674	(0.08)
1-4 Family Construction	(136)	—	55,392	—
Home equity lines of credit	(324)	(5)	124,865	—
Residential Mortgages secured by first liens	(96)	(114)	966,225	(0.01)
Residential Mortgages secured by junior liens	452	—	84,803	—
Other revolving credit plans	344	(89)	41,417	(0.21)
Automobile	144	(55)	25,044	(0.22)
Other consumer	1,839	(1,848)	49,631	(3.72)
Credit cards	199	(171)	13,261	(1.29)
Overdrafts	479	(465)	302	(153.97)
Total	$ 5,837	$ (3,441)	$ 4,396,341	(0.08)%

[1] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the provision (benefit) for credit losses on loans receivable column disclosure as of December 31, 2023, to reflect the revisions for the applicable portfolio segments.
[2] Excludes provision for credit losses totaling $759 thousand related to unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments of the Corporation.

	Year Ended December 31, 2022			
	Provision (Benefit) for Credit Loss Expense	Net (Charge-Offs) Recoveries	Average Loans	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans
Farmland	$ 8	$ —	$ 32,075	—%
Owner-occupied, nonfarm nonresidential properties	(428)	(6)	467,606	—
Agricultural production and other loans to farmers	(3)	—	1,254	—
Commercial and Industrial	965	(36)	762,585	—
Obligations (other than securities and leases) of states and political subdivisions	214	—	149,253	—
Other loans	307	—	16,861	—
Other construction loans and all land development and other land loans	1,055	—	334,450	—
Multifamily (5 or more) residential properties	64	—	227,715	—
Non-owner occupied, nonfarm nonresidential properties	1,171	1	697,930	—
1-4 Family Construction	169	—	41,849	—
Home equity lines of credit	(8)	12	115,682	0.01
Residential Mortgages secured by first liens	1,564	(23)	874,675	—
Residential Mortgages secured by junior liens	489	—	63,362	—
Other revolving credit plans	236	(42)	29,398	(0.14)
Automobile	34	(26)	20,677	(0.13)
Other consumer	1,653	(1,534)	50,196	(3.06)
Credit cards	36	(61)	11,872	(0.51)
Overdrafts	460	(423)	282	(150.00)
Total loans	$ 7,986	$ (2,138)	$ 3,897,722	(0.05)%

During the year ended December 31, 2024, the Corporation recorded a provision for credit losses of $9.2 million compared to $6.0 million for the year ended December 31, 2023. Included in the provision for credit losses for the year ended December 31, 2024, was a $185 thousand expense related to the allowance for unfunded commitments compared to a $156 thousand expense for the year ended December 31, 2023. The $3.2 million increase in the provision expense for the year ended December 31, 2024 compared to the year ended December 31, 2023, was primarily a result of the increase in loan portfolio growth and increase in the net loan charge-offs. Net charge-offs during the year ended December 31, 2024 were $7.5 million, or 0.17% of average total loans and loans held for sale, compared to $3.4 million, or 0.08% of average total loans and loans held for sale, during the year ended December 31, 2023.

Premises and Equipment

During the years ended December 31, 2024 and 2023, the Corporation invested $16.3 million and $10.8 million, respectively, in its physical infrastructure through the purchase of land, buildings, and equipment.

Bank Owned Life Insurance

The Corporation has periodically purchased Bank Owned Life Insurance ("BOLI"). The policies cover executive officers and a select group of other employees with the Bank being named as beneficiary. Earnings from BOLI assist the Corporation in offsetting its benefit costs. The Corporation made no purchases of BOLI during the years ended December 31, 2024 and December 31, 2023.

Funding Sources

Deposits

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

	December 31, 2024	Percent of Deposits in Each Category to Total Deposits	December 31, 2023	Percent of Deposits in Each Category to Total Deposits	Percentage change 2024 vs. 2023
Noninterest-bearing demand deposits	$ 819,680	15.26 %	$ 728,881	14.58 %	12.5%
Interest-bearing demand deposits	706,796	13.16	803,093	16.07	(12.0)
Savings	3,122,028	58.12	2,960,282	59.22	5.5
Certificates of deposit	722,860	13.46	506,494	10.13	42.7
Total	$ 5,371,364	100.00 %	$ 4,998,750	100.00 %	7.5%

At December 31, 2024, total deposits were $5.4 billion, reflecting an increase of $372.6 million, or 7.45%, from December 31, 2023. The increase in deposits was due to continued growth in the Corporation's treasury management customer base and resulting increases in municipal and institutional/corporate deposits, including wealth and asset management deposit relationships resulting from CNB's participation in deposit insurance sharing programs.

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

	Year Ended December 31,					
	2024		2023		2022	
	Average Amount	Annual Rate	Average Amount	Annual Rate	Average Amount	Annual Rate
Noninterest-bearing demand deposits	$ 781,780	—%	$ 793,713	—%	$ 847,793	—%
Interest-bearing demand deposits	705,488	0.77	853,632	0.54	1,061,452	0.20
Savings	3,052,031	3.46	2,666,905	2.92	2,383,918	0.54
Certificates of deposit	570,911	3.92	517,017	2.97	351,272	1.40
Total	$ 5,110,210		$ 4,831,267		$ 4,644,435	

At December 31, 2024, the average deposit balance per account for CNB Bank was approximately $34 thousand, which has remained consistently at this level for an extended period.

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

	December 31, 2024	December 31, 2023
Time deposits not covered by deposit insurance	$ 58,330	$ 44,665
Total deposits not covered by deposit insurance	1,516,839	1,438,944

At December 31, 2024, the total estimated uninsured deposits for CNB Bank were approximately $1.5 billion, or approximately 27.71% of total CNB Bank deposits. However, when excluding affiliate company deposits of $101.9 million and pledged-investment collateralized deposits of $429.0 million, the adjusted amount and percentage of total estimated uninsured deposits was approximately $986.0 million, or approximately 18.01% of total CNB Bank deposits as of December 31, 2024.

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

Scheduled maturities of time deposits not covered by deposit insurance at December 31, 2024 were as follows:

	December 31, 2024
3 months or less	$ 11,067
Over 3 through 6 months	8,059
Over 6 through 12 months	33,582
Over 12 months	5,622
Total	$ 58,330

Borrowings

Periodically, the Corporation utilizes term borrowings from the FHLB and other lenders to meet funding obligations or match fund certain loan assets. The terms of these borrowings are detailed in Note 10, "Borrowings," to the consolidated financial statements. There were no short-term FHLB borrowings as of December 31, 2024 and December 31, 2023.

In June 2021, the Corporation sold $85.0 million aggregate principal amount of 3.25% Fixed-to-Floating Rate Subordinated Notes due 2031 (the "2031 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 2031 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. Additional details about our subordinated debentures and notes are included in Note 10, "Borrowings" in the accompanying notes to consolidated financial statements.

Liquidity and Capital Resources

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

The Corporation’s expected material cash requirements for the year ended December 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 from loans and investment securities, maturing loans and investment securities, as well as by maintaining access to wholesale funding sources.

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

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

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

At December 31, 2024, the Corporation’s cash and cash equivalents position was approximately $443.0 million, including liquidity of $375.0 million held at the Federal Reserve. These excess funds, when combined with (i) available borrowing capacity of $4.6 billion from the Federal Home Loan Bank of Pittsburgh ("FHLB") and the Federal Reserve, and (ii) available unused commitments from brokered deposit sources and other third-party funding channels, including previously established lines of credit from correspondent banks, resulted in the total on-hand and contingent liquidity sources for the Corporation being approximately 5.0 times the estimated amount of adjusted uninsured deposit balances discussed above.

The following table summarizes the Corporation's net available liquidity and borrowing capacities as of December 31, 2024:

	Net Available
FHLB borrowing capacity [1]	$ 1,211,618
Federal Reserve borrowing capacity [2]	497,782
Brokered deposits [3]	2,035,038
Other third-party funding channels [3] [4]	859,723
Total net available liquidity and borrowing capacity	$ 4,604,161

[1] Availability contingent on the FHLB activity-based stock ownership requirement
[2] Includes access to discount window, BIC program and Bank Term Funding Program
[3] Availability contingent on internal borrowing guidelines
[4] Availability contingent on correspondent bank approvals at time of borrowing

As of December 31, 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 consolidated financial statements elsewhere in this report for the expected timing of such payments as of December 31, 2024. The Corporation’s material contractual obligations as of December 31, 2024 consist of (i) long-term borrowings - Note 10, "Borrowings," (ii) operating leases - Note 7, "Leases," (iii) time deposits with stated maturity dates - Note 9, "Deposits," and (iv) commitments to extend credit and standby letters of credit - Note 18, "Off-Balance Sheet Commitments and Contingencies."

Shareholders' Equity, Capital Ratios and Metrics

Shareholders' Equity

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

As of December 31, 2024, the Corporation's total shareholders' equity was $610.7 million, representing an increase of $39.4 million, or 6.91%, from December 31, 2023. The changes resulted from an increase in the Corporation's retained earnings (net income, partially offset by the common and preferred stock dividends paid) and a decrease in accumulated other comprehensive loss primarily from the after-tax impact of temporary unrealized valuation changes in the Corporation's AFS investment portfolio. The additions to shareholders equity from retained earnings were also partially offset by the Corporation's repurchase of some of its common stock.

Preferred Stock

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

Capital Ratios and Metrics

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

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

	December 31, 2024	December 31, 2023
Total risk-based capital ratio	16.16 %	15.99 %
Tier 1 capital ratio	13.41 %	13.20 %
Common equity tier 1 ratio	11.76 %	11.49 %
Leverage ratio	10.43 %	10.54 %
Common shareholders' equity/total assets	8.93 %	8.93 %
Tangible common equity/tangible assets [1]	8.28 %	8.22 %
Book value per common share	$ 26.34	$ 24.57
Tangible book value per common share [1]	$ 24.24	$ 22.46

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

Average Balances, Interest Rates and Yields

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

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

	December 31, 2024			December 31, 2023			December 31, 2022		
	Average Balance	Annual Rate	Interest Inc./ Exp.	Average Balance	Annual Rate	Interest Inc./ Exp.	Average Balance	Annual Rate	Interest Inc./ Exp.
ASSETS:									
Securities:									
Taxable [1][4]	$ 700,078	2.14 %	$ 16,059	$ 720,818	1.89 %	$ 14,766	$ 768,959	1.80 %	$ 14,560
Tax-exempt [1][2][4]	25,919	2.60	731	30,153	2.59	844	35,965	2.87	1,080
Equity securities [1][2]	7,058	5.71	403	10,005	5.09	509	8,248	2.13	176
Total securities [4]	733,055	2.19	17,193	760,976	1.96	16,119	813,172	1.85	15,816
Loans receivable:									
Commercial [2][3]	1,440,667	6.88	99,184	1,501,202	6.63	99,587	1,429,634	5.08	72,684
Mortgage [2][3][5]	2,920,537	6.15	179,645	2,765,484	5.77	159,606	2,355,662	4.78	112,583
Consumer [3]	130,100	11.95	15,547	129,655	11.47	14,868	112,426	10.48	11,778
Total loans receivable [3]	4,491,304	6.55	294,376	4,396,341	6.23	274,061	3,897,722	5.06	197,045
Other earning assets	274,828	5.41	14,856	74,800	6.03	4,513	243,653	1.16	2,112
Total earning assets	5,499,187	5.88	$ 326,425	5,232,117	5.57	$ 294,693	4,954,547	4.30	$ 214,973
Noninterest-bearing assets:									
Cash and due from banks	56,295			54,824			51,670		
Premises and equipment	116,341			107,635			89,940		
Other assets	269,167			251,725			227,991		
Allowance for credit losses	(46,032)			(44,930)			(39,935)		
Total noninterest-bearing assets	395,771			369,254			329,666		
TOTAL ASSETS	$ 5,894,958			$ 5,601,371			$ 5,284,213		
LIABILITIES AND SHAREHOLDERS' EQUITY:									
Demand—interest-bearing	$ 705,488	0.77 %	$ 5,451	$ 853,632	0.54 %	$ 4,626	$ 1,061,452	0.20 %	$ 2,131
Savings	3,052,031	3.46	105,675	2,666,905	2.92	77,782	2,383,918	0.54	12,772
Time	570,911	3.92	22,367	517,017	2.97	15,362	351,272	1.40	4,930
Total interest-bearing deposits	4,328,430	3.08	133,493	4,037,554	2.42	97,770	3,796,642	0.52	19,833
Short-term borrowings	—	—	—	35,224	5.07	1,787	8,793	4.20	369
Finance lease liabilities	247	4.45	11	339	4.42	15	426	4.69	20
Subordinated notes and debentures	105,039	4.28	4,497	104,735	4.10	4,295	104,432	3.69	3,857
Total interest-bearing liabilities	4,433,716	3.11	$ 138,001	4,177,852	2.49	$ 103,867	3,910,293	0.62	$ 24,079
Demand—noninterest-bearing	781,780			793,713			847,793		
Other liabilities	86,912			79,473			70,379		
Total liabilities	5,302,408			5,051,038			4,828,465		
Shareholders' equity	592,550			550,333			455,748		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,894,958			$ 5,601,371			$ 5,284,213		
Interest income/Earning assets		5.88 %	$ 326,425		5.57 %	$ 294,693		4.30 %	$ 214,973
Interest expense/Interest-bearing liabilities		3.11	138,001		2.49	103,867		0.62	24,079
Net interest spread		2.77 %	$ 188,424		3.08 %	$ 190,826		3.68 %	$ 190,894
Interest income/Earning assets		5.88 %	$ 326,425		5.57 %	$ 294,693		4.30 %	$ 214,973
Interest expense/Earning assets		2.49	138,001		1.96	103,867		0.48	24,079
Net interest margin (fully tax-equivalent)		3.39 %	$ 188,424		3.61 %	$ 190,826		3.82 %	$ 190,894

[1] Includes unamortized discounts and premiums.

(2) Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the years ended December 31, 2024, 2023, and 2022 were $955 thousand, $997 thousand, and $1.2 million, respectively.
(3) Average loans receivable outstanding includes the average balance outstanding of all nonaccrual loans. Loans receivable consist of the average of total loans receivable less average unearned income. In addition, loans receivable interest income consists of loans receivable fees, including PPP deferred processing fees.
(4) Average balance is computed using the fair value of AFS debt securities and amortized cost of HTM debt securities. Average yield has been computed using amortized cost average balance for AFS and HTM debt securities. The adjustment to the average balance for securities in the calculation of average yield for the years ended December 31, 2024, 2023, and 2022 were $(53.1) million, $(61.1) million, and $(40.3) million, respectively.
(5) Includes loans held for sale.

Volume Analysis of Changes in Net Interest Income

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

	Analysis of Year-to-Year Changes in Net Interest Income					
	2024 compared to 2023			2023 compared to 2022		
	Increase (Decrease) Due to Change in (1)			Increase (Decrease) Due to Change in (1)		
	Volume	Rate	Net	Volume	Rate	Net
Assets						
Securities:						
Taxable	$ (462)	$ 1,755	$ 1,293	$ (443)	$ 649	$ 206
Tax-Exempt (2)	(116)	3	(113)	(152)	(84)	(236)
Equity Securities (2)	(150)	44	(106)	37	296	333
Total Securities	(728)	1,802	1,074	(558)	861	303
Loans:						
Commercial (2)	(4,015)	3,612	(403)	3,634	23,269	26,903
Mortgage (2)	8,911	11,128	20,039	19,645	27,378	47,023
Consumer	53	626	679	1,806	1,284	3,090
Total Loans	4,949	15,366	20,315	25,085	51,931	77,016
Other Earning Assets	12,052	(1,709)	10,343	(1,242)	3,643	2,401
Total Earning Assets	$ 16,273	$ 15,459	$ 31,732	$ 23,285	$ 56,435	$ 79,720
Liabilities and Shareholders' Equity						
Interest Bearing Deposits						
Demand – Interest Bearing	$ (802)	$ 1,627	$ 825	$ (417)	$ 2,912	$ 2,495
Savings	11,367	16,526	27,893	1,516	63,494	65,010
Time	1,566	5,439	7,005	2,326	8,106	10,432
Total Interest Bearing Deposits	12,131	23,592	35,723	3,425	74,512	77,937
Short-Term Borrowings	(1,787)	—	(1,787)	1,112	306	1,418
Finance Lease Liabilities	(4)	—	(4)	—	—	—
Subordinated Debentures	12	190	202	(4)	(1)	(5)
Total Interest Bearing Liabilities	$ 10,352	$ 23,782	$ 34,134	$ 4,533	$ 74,817	$ 79,350
Change in Net Interest Income	$ 5,921	$ (8,323)	$ (2,402)	$ 18,752	$ (18,382)	$ 370

(1) The change in interest due to both volume and rate have been allocated entirely to volume changes.
(2) Changes in interest income on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the year ended December 31, 2024 and 2023.

Results of Operations
Year Ended December 31, 2024 vs. Year Ended December 31, 2023

Overview of the Statements of Income and Comprehensive Income

Net income available to common shareholders ("earnings") was $50.3 million, or $2.39 per diluted share, for the year ended December 31, 2024, compared to earnings of $53.7 million, or $2.55 per diluted share, for the year ended December 31, 2023. The decrease in diluted earnings per share in the year ended December 31, 2024 was primarily due to the rise in deposit costs year over year. In addition, during the year ended December 31, 2024, the Corporation repurchased 23,988 shares of common stock at a weighted average price per share of $18.33, compared to repurchases of 326,459 shares of common stock at a weighted average price per share of $20.08 during the year ended December 31, 2023. PPNR, a non-GAAP measure, was $76.6 million for the year ended December 31, 2024, compared to $77.8 million for the year ended December 31, 2023. The decrease in PPNR for the year ended December 31, 2024 compared to the year ended December 31, 2023, was primarily driven by the year-over-year increase in deposit costs combined with increases in certain personnel costs (primarily from new offices and personnel added in the recently added expansion markets of Cleveland, OH and Roanoke, VA) and the growth in technology expenses for recently completed full implementation of certain franchise-wide business development and customer management applications.

Return on average equity was 9.21% for the year ended December 31, 2024, compared to 10.54% for the year ended December 31, 2023. Return on average tangible common equity, a non-GAAP measure, was 10.25% for the year ended December 31, 2024, compared to 11.98% for the year ended December 31, 2023.

The Corporation's efficiency ratio was 66.20% for the year ended December 31, 2024, compared to 65.13% for the year ended December 31, 2023. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 65.47% for the year ended December 31, 2024, compared to 64.45% the year ended December 31, 2023. The increase was primarily the result of rising deposit costs coupled with higher salaries and benefits and technology expenses.

Interest Income and Expense

Net interest income was $187.5 million for the year ended December 31, 2024, compared to $189.8 million for the year ended December 31, 2023. The decrease of $2.4 million, or 1.24%, 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 growth and retention, more than offsetting the interest income growth from both year-over-year loan growth and the impact of higher interest rates for much of the 2024 year resulting in greater income on loans, coupled with a higher average balance of earnings excess liquidity maintained as interest-bearing deposits with the Federal Reserve.

Net interest margin was 3.41% and 3.63% for the years ended December 31, 2024 and 2023, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.39% and 3.61% for the years ended December 31, 2024,and 2023, respectively.

The yield on earning assets for the year ended December 31, 2024 was 5.88%, an increase of 31 basis points from December 31, 2023. The increase was primarily a result of loan growth and the net benefit of higher interest rates on both variable-rate loans and new loan production. The yield on earning assets for the year ended December 31, 2023 included the previously mentioned $1.4 million, or three basis points, in one-time syndicated loan interest income.

Provision for Credit Losses

The Corporation recorded a provision for credit losses of $9.2 million in 2024 compared to $6.0 million in 2023. Included in the provision for credit losses for the year ended December 31, 2024, was a $185 thousand expense related to the allowance for unfunded commitments compared to $156 thousand for the year ended December 31, 2023. The $3.2 million increase in the provision expense for the year ended December 31, 2024 compared to the year ended December 31, 2023, was primarily a result of the higher loan portfolio growth. Net loan charge-offs were $7.5 million during the year ended December 31, 2024, compared to $3.4 million during the year ended December 31, 2023. As disclosed in "Allowance for Credit Losses" discussion above, management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, reasonable and supportable forecasts, and other significant qualitative and quantitative factors.

Management believes the charges to the provision for credit losses in 2024 were appropriate and the allowance for credit losses was adequate to absorb losses in the loan portfolio at December 31, 2024.

Non-Interest Income

Total non-interest income was $39.1 million for the year ended December 31, 2024, compared to $33.3 million for the year ended December 31, 2023. During the year ended December 31, 2024, notable changes compared to the year ended December 31, 2023 included an increase in higher pass-through income from SBICs coupled with an increase in net realized and unrealized gains on equity securities and an increase in wealth and asset management fees.

Non-Interest Expense

For the year ended December 31, 2024, total non-interest expense was $150.0 million, compared to $145.3 million for the year ended December 31, 2023. The increase of $4.7 million, or 3.21%, from the year ended December 31, 2023 was primarily a result of an increase in salaries and benefits and technology expenses. The increase in salaries and benefits was driven by an increase in personnel costs related to annual merit increases and growth in the Corporation's staff and new offices in its expansion markets (Cleveland, OH and Roanoke, VA), while the increase in technology was primarily due to usage and licensing increases in year-over-year investments in applications aimed at enhancing both customer online banking capabilities, customer call center communications and in-branch technology delivery channels.

Income Tax Expense

Income tax expense was $12.8 million in 2024, compared to $13.8 million in 2023. The effective tax rates were 18.98% and 19.22% for 2024 and 2023, respectively. The effective tax rate for the periods differed from the federal statutory rate of 21.0% principally as a result of tax-exempt income from securities and loans as well as earnings from bank owned life insurance.

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

Overview of the Statements of Income and Comprehensive Income

Earnings were $53.7 million, or $2.55 per diluted share, for the year ended December 31, 2023, compared to $58.9 million, or $3.26 per diluted share, for the year ended December 31, 2022, reflecting decreases of $5.2 million, or 8.78%, and $0.71 per diluted share, or 21.78%. The 2022 full-year earnings per share was partially impacted by the effect of the Corporation's common stock offering completed in September 2022, resulting in the issuance of 4,257,446 shares of common stock at $23.50 per share and net proceeds of $94.1 million after deducting the underwriting discount and customary offering expenses. PPNR, a non-GAAP measure, was $77.8 million for the year ended December 31, 2023, compared to $86.8 million for the year ended December 31, 2022, reflecting an decrease of $9.0 million, or 10.35%. The increase in PPNR for the year ended December 31, 2023 was primarily driven by the increase in deposit costs combined with the growth in technology expenses due to investments in applications aimed at enhancing both customer relationship management and customer online experience, as well as expanding service delivery channels. In addition, the Corporation had a year-over-year decrease in non-interest income as a result of lower pass-through income from small business investment companies ("SBICs").

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

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

Interest Income and Expense

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

Net interest margin was 3.63% and 3.83% for the years ended December 31, 2023, and 2022, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.61% and 3.82% for the years ended December 31, 2023, and 2022, respectively.

The yield on earning assets of 5.57% for the year ended December 31, 2023 increased 127 basis points from 4.30% for the year ended December 31, 2022, primarily as a result of loan growth, the net benefit of higher interest rates on both variable-rate loans and new loan production. The yield on earning assets for the year ended December 31, 2023 included the previously mentioned $1.4 million, or three basis points, in one-time syndicated loan interest income.

Provision for Credit Losses

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

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

Non-Interest Income

Total non-interest income was $33.3 million for the year ended December 31, 2023, representing a decrease of $1.5 million, or 4.12%, from the same period in 2022. During the year ended December 31, 2023, Wealth and Asset Management fees increased $79 thousand, or 1.10%, compared to the year ended December 31, 2022, as the Corporation benefited from an increased number of wealth management relationships. Other notable changes during the year ended December 31, 2023 included lower net realized gains on the sale of AFS debt securities, lower mortgage banking income from the reduced mortgage loan production volume in the higher-rate environment, lower level of full-year bank owned life insurance income and pass-through income from SBICs, partially offset by an increase in card processing and interchange income and a favorable variance in unrealized losses on equity securities.

Non-Interest Expense

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

Income Tax Expense

Income tax expense was $13.8 million in 2023 compared to $15.0 million in 2022. The effective tax rates were 19.22% and 19.21% for 2023 and 2022, respectively. The effective tax rate for the periods differed from the federal statutory rate of 21.0% principally as a result of tax-exempt income from securities and loans as well as earnings from bank owned life insurance.

Off-Balance Sheet Arrangements

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

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

Critical Accounting Policies and Estimates

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

Allowance for Credit Losses

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

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

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

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

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

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

Other key assumptions in the calculation of the allowance for credit loss include the forecast and reversion to mean time periods and prepayment and curtailment assumptions. The macro-economic forecast is applied for a reasonable and supportable time period before reverting to long-term historical averages for each economic index. The forecast and reversion to mean time period used for each economic index at December 31, 2024 were four quarters and eight quarters, respectively. Prepayment and curtailment assumptions are based on the Corporation's historical experience over the trailing 12 months and are adjusted by management as deemed necessary. The prepayment and curtailment assumptions vary based on segment.

The quantitative estimated losses are supplemented by more qualitative factors that impact potential losses. Qualitative factors include changes in underwriting standards, changes in lending staff, changes in environmental conditions, delinquency level, segment growth rates and changes in duration within new markets, or other relevant factors. The allowance for credit loss may be materially affected by these qualitative factors, especially during periods of economic uncertainty, for items not reflected in the lifetime credit loss calculation, but which are deemed appropriate by management's current assessment of the risks related to the loan portfolio and/or external factors. The qualitative factors applied at December 31, 2024, and the importance and levels of the qualitative factors applied, may change in future periods depending on the level of changes to items such as the uncertainty of economic conditions and management's assessment of the level of credit risk within the loan portfolio as a result of such changes, compared to the amount of allowance for credit loss calculated by the model. The evaluation of qualitative factors is inherently imprecise and requires significant management judgment.

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

Fair Value Measurements

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

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

Goodwill

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

Non-GAAP Financial Measures

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

	December 31, 2024	December 31, 2023
Calculation of tangible book value per common share and tangible common equity / tangible assets (non-GAAP):		
Shareholders' equity	$ 610,695	$ 571,247
Less: preferred equity	57,785	57,785
Common shareholders' equity	552,910	513,462
Less: goodwill and other intangibles	43,874	43,874
Less: core deposit intangible	206	280
Tangible common equity (non-GAAP)	$ 508,830	$ 469,308
Total assets	$ 6,192,010	$ 5,752,957
Less: goodwill and other intangibles	43,874	43,874
Less: core deposit intangible	206	280
Tangible assets (non-GAAP)	$ 6,147,930	$ 5,708,803
Ending shares outstanding	20,987,992	20,896,439
Book value per common share (GAAP)	$ 26.34	$ 24.57
Tangible book value per common share (non-GAAP)	$ 24.24	$ 22.46
Common shareholders' equity / Total assets (GAAP)	8.93 %	8.93 %
Tangible common equity / Tangible assets (non-GAAP)	8.28 %	8.22 %

	Years Ended December 31,	
	2024	2023
Calculation of net interest margin:		
Interest income	$ 325,470	$ 293,696
Interest expense	138,001	103,867
Net interest income	$ 187,469	$ 189,829
Average total earning assets	$ 5,499,187	$ 5,232,117
Net interest margin (GAAP)	3.41 %	3.63 %
Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):		
Interest income	$ 325,470	$ 293,696
Tax equivalent adjustment (non-GAAP)	955	997
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	326,425	294,693
Interest expense	138,001	103,867
Net interest income (fully tax equivalent basis) (non-GAAP)	$ 188,424	$ 190,826
Average total earning assets	$ 5,499,187	$ 5,232,117
Less: average mark to market adjustment on investments (non-GAAP)	(53,087)	(61,089)
Adjusted average total earning assets, net of mark to market (non-GAAP)	$ 5,552,274	$ 5,293,206
Net interest margin, fully tax equivalent basis (non-GAAP)	3.39 %	3.61 %

	Years Ended December 31,	
	2024	2023
Calculation of PPNR (non-GAAP): [1]		
Net interest income	$ 187,469	$ 189,829
Add: Non-interest income	39,114	33,335
Less: Non-interest expense	150,002	145,342
PPNR (non-GAAP)	$ 76,581	$ 77,822

[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.

	Years Ended December 31,	
	2024	2023
Calculation of efficiency ratio:		
Non-interest expense	$ 150,002	$ 145,342
Non-interest income	$ 39,114	$ 33,335
Net interest income	187,469	189,829
Total revenue	$ 226,583	$ 223,164
Efficiency ratio	66.20 %	65.13 %
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):		
Non-interest expense	$ 150,002	$ 145,342
Less: core deposit intangible amortization	73	84
Adjusted non-interest expense (non-GAAP)	$ 149,929	$ 145,258
Non-interest income	$ 39,114	$ 33,335
Net interest income	187,469	189,829
Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	5,635	5,425
Add: tax exempt investment and loan income (fully tax equivalent basis) (non-GAAP)	8,068	7,635
Adjusted net interest income (fully tax equivalent basis) (non-GAAP)	189,902	192,039
Adjusted net revenue (fully tax equivalent basis) (non-GAAP)	$ 229,016	$ 225,374
Efficiency ratio (fully tax equivalent basis) (non-GAAP)	65.47 %	64.45 %

	Years Ended December 31,	
	2024	2023
Calculation of return on average tangible common equity (non-GAAP):		
Net income	$ 54,575	$ 58,020
Less: preferred stock dividends	4,302	4,302
Net income available to common shareholders	$ 50,273	$ 53,718
Average shareholders' equity	$ 592,550	$ 550,333
Less: average goodwill & intangibles	44,118	44,193
Less: average preferred equity	57,785	57,785
Tangible common shareholders' equity (non-GAAP)	$ 490,647	$ 448,355
Return on average equity (GAAP)	9.21 %	10.54 %
Return on average common equity (GAAP)	9.40 %	10.91 %
Return on average tangible common equity (non-GAAP)	10.25 %	11.98 %

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

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

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

The Corporation also recognizes that a sustained environment of higher/lower interest rates will affect the underlying value of the Corporation's assets, liabilities and off-balance sheet instruments since the present value of their future cash flows (and the cash flows themselves) change when interest rates change.

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

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

	% Change in Net Interest Income	
Change in Basis Points	December 31, 2024	December 31, 2023
300	(0.2)%	2.6%
200	0.5%	3.8%
100	0.5%	4.6%
(100)	(1.1)%	(3.8)%
(200)	(1.4)%	(6.5)%
(300)	(3.3)%	(12.8)%

At December 31, 2024, the Corporation has approximately $2.5 billion in outstanding loan balances that are rate sensitive over the next twelve months.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CNB Financial Corporation ("Corporation") as of December 31, 2024 and 2023, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Corporation's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

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

Critical Audit Matters

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

Allowance for Credit Losses on Loans – Qualitative Factors

Description of the Critical Audit Matter

As described in Notes 1 and 3 to the financial statements, the Corporation's loan portfolio totaled $4.6 billion as of December 31, 2024, and the allowance for credit losses on loans ("ACL") was $47.4 million. This represents an estimate of expected losses inherent within the Corporation's loan portfolio.

The Corporation establishes an allowance representing the estimate of expected credit losses over the estimated life of the existing portfolio of loans. The Corporation measures expected credit losses based on a pooled loan basis when similar risk characteristics exist by primarily applying a discounted cash flow ("DCF") model. The DCF model discounts instrument-level contractual cash flows, adjusting for prepayments and curtailments, and incorporates loss expectations based on past events, current conditions, and forecasted macroeconomic indicators using reasonable and supportable forecasts. The quantitative estimated losses provided by the DCF model are supplemented by more qualitative factors that impact potential losses. Qualitative factors include changes in underwriting standards, changes in lending staff, changes in environmental conditions and other relevant factors. The allowance for credit loss may be materially affected by these qualitative factors, especially during periods of economic uncertainty, for items not reflected in the lifetime credit loss calculation, but which are deemed appropriate by management's current assessment of the risks related to the loan portfolio and/or external factors. The evaluation of qualitative factors is inherently imprecise and requires significant management judgment.

We identified the qualitative factor adjustments included in the allowance for credit losses on loans as a critical audit matter. The principal considerations for our determination included the high degree of judgment and subjectivity in auditing management's estimation of qualitative factor adjustments, which requires significant judgment.

How the Critical Audit Matter Was Addressed in the Audit

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

- We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Corporation's internal controls over the ACL process, including controls over the qualitative elements of the ACL. This included controls over the review of the relevance and reliability of data used to determine the estimates and the review of the appropriateness of the key assumptions and judgments used in the determination of the qualitative factors.
- We evaluated the completeness and accuracy of data used in the development of qualitative factors and the reasonableness of management's judgments and the relevance of data used in applying the qualitative factors.
- We evaluated the current and expected qualitative adjustments, including assessing the basis for the adjustments and the reasonableness of the significant assumptions.

We have served as the Corporation's auditor since 2022.

/s/ Forvis Mazars, LLP

Indianapolis, Indiana
March 6, 2025

Report of Independent Registered Public Accounting Firm

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

Opinion on the Internal Control over Financial Reporting

We have audited CNB Financial Corporation's ("Corporation") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Corporation as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and our report dated March 6, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

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

Definitions and Limitations of Internal Control over Financial Reporting

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

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

/s/ Forvis Mazars, LLP

Indianapolis, Indiana
March 6, 2025

CONSOLIDATED BALANCE SHEETS
Dollars in thousands, except share data

	December 31, 2024	December 31, 2023
ASSETS		
Cash and due from banks	$ 63,771	$ 54,789
Interest-bearing deposits with Federal Reserve	375,009	164,385
Interest-bearing deposits with other financial institutions	4,255	2,872
Total cash and cash equivalents	443,035	222,046
Debt securities available-for-sale, at fair value (amortized cost of $520,223 as of December 31, 2024 and $395,803 as of December 31, 2023)	468,546	341,955
Debt securities held-to-maturity, at amortized cost (fair value $282,970 as of December 31, 2024 and $360,570, as of December 31, 2023)	306,081	388,968
Equity securities	10,456	9,301
Loans held for sale	762	675
Loans receivable		
Syndicated loans	79,882	108,710
Loans	4,529,074	4,359,766
Total loans receivable	4,608,956	4,468,476
Less: allowance for credit losses	(47,357)	(45,832)
Net loans receivable	4,561,599	4,422,644
FHLB and other restricted stock holdings and investments	40,702	30,011
Premises and equipment, net	76,011	73,700
Operating & finance lease right-of-use assets	52,715	35,699
Bank owned life insurance	117,579	114,468
Mortgage servicing rights	1,251	1,554
Goodwill and other intangible assets	43,874	43,874
Core deposit intangible, net	206	280
Accrued interest receivable and other assets	69,193	67,782
Total Assets	$ 6,192,010	$ 5,752,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest-bearing demand deposits	$ 819,680	$ 728,881
Interest-bearing demand deposits	706,796	803,093
Savings	3,122,028	2,960,282
Certificates of deposit	722,860	506,494
Total deposits	5,371,364	4,998,750
Subordinated debentures	20,620	20,620
Subordinated notes, net of unamortized issuance costs	84,570	84,267
Operating lease liabilities	40,315	37,650
Accrued interest payable and other liabilities	64,446	40,423
Total liabilities	5,581,315	5,181,710
Commitments and contingent liabilities		
Preferred stock, Series A non-cumulative perpetual, No par value; $1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at December 31, 2024 and 2023	57,785	57,785
Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 shares at December 31, 2024 and 2023	—	—
Additional paid in capital	219,876	220,495
Retained earnings	381,296	345,935
Treasury stock, at cost (247,511 shares at December 31, 2024 and 339,064 shares at December 31, 2023)	(4,689)	(6,890)
Accumulated other comprehensive loss	(43,573)	(46,078)
Total shareholders' equity	610,695	571,247
Total Liabilities and Shareholders' Equity	$ 6,192,010	$ 5,752,957

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
Dollars in thousands, except per share data

	Year ended December 31,		
	2024	2023	2022
INTEREST AND DIVIDEND INCOME:			
Loans including fees			
Interest and fees on loans	$ 293,544	$ 273,220	$ 194,149
Processing fees on PPP loans	—	3	1,889
Securities and cash and cash equivalents:			
Taxable	30,915	19,279	16,672
Tax-exempt	636	724	871
Dividends	375	470	157
Total interest and dividend income	325,470	293,696	213,738
INTEREST EXPENSE:			
Deposits	133,493	97,770	19,833
Borrowed funds and finance lease liabilities	11	1,802	389
Subordinated debentures (includes $0, $(151), and $127 accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)	4,497	4,295	3,857
Total interest expense	138,001	103,867	24,079
NET INTEREST INCOME	187,469	189,829	189,659
PROVISION FOR CREDIT LOSS EXPENSE	9,222	5,993	8,589
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE	178,247	183,836	181,070
NON-INTEREST INCOME:			
Service charges on deposit accounts	6,990	7,372	7,206
Other service charges and fees	2,973	3,010	3,196
Wealth and asset management fees	7,845	7,251	7,172
Net realized gains on available-for-sale securities (includes $74, $52, and $651 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)	74	52	651
Net realized gains on equity securities	—	22	—
Net unrealized gains (losses) on equity securities	754	(409)	(1,149)
Mortgage banking	673	676	1,237
Bank owned life insurance	3,110	2,945	3,433
Card processing and interchange income	8,666	8,301	7,797
Other non-interest income	8,029	4,115	5,223
Total non-interest income	39,114	33,335	34,766
NON-INTEREST EXPENSES:			
Compensation and benefits (includes $(168), $(174), and $(113) accumulated other comprehensive income reclassifications for net amortization of actuarial (gains) losses, respectively)	74,536	71,062	71,460
Net occupancy expense	14,737	14,509	13,298
Technology expense	21,805	20,202	17,041
State and local taxes	4,726	4,126	4,078
Legal, professional and examination fees	4,217	4,414	4,173
Advertising	2,545	3,133	2,887
FDIC insurance	3,718	3,879	2,796
Card processing and interchange expenses	4,575	5,025	4,801
Other non-interest expenses	19,143	18,992	17,088
Total non-interest expenses	150,002	145,342	137,622
INCOME BEFORE INCOME TAXES	67,359	71,829	78,214
INCOME TAX EXPENSE (includes $51, $79, and $134 income tax expense reclassification items, respectively)	12,784	13,809	15,026
NET INCOME	54,575	58,020	63,188
PREFERRED STOCK DIVIDENDS	4,302	4,302	4,302
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 50,273	$ 53,718	$ 58,886
PER COMMON SHARE DATA:			
Basic Earnings Per Common Share	$ 2.39	$ 2.56	$ 3.26
Diluted Earnings Per Common Share	$ 2.39	$ 2.55	$ 3.26
Cash Dividends Declared	$ 0.710	$ 0.700	$ 0.700
NET INCOME	$ 54,575	$ 58,020	$ 63,188
OTHER COMPREHENSIVE INCOME (LOSS):			
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification and tax	$ 1,715	$ 6,109	$ (53,576)
Amortization of unrealized gains from held-to-maturity securities, net of tax	545	591	875
Change in actuarial gains (losses), for post-employment health care plan, net of amortization and tax	245	(139)	150
Change in fair value of interest rate swap agreements designated as a cash flow hedge, net of interest and tax	—	(119)	425
Total other comprehensive income (loss)	2,505	6,442	(52,126)
COMPREHENSIVE INCOME	$ 57,080	$ 64,462	$ 11,062

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022
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, 2022	$ 57,785	$ 127,351	$ 260,582	$ (2,477)	$ (394)	$ 442,847
Net income	—	—	63,188	—	—	63,188
Other comprehensive loss	—	—	—	—	(52,126)	(52,126)
Forfeiture of restricted stock award grants (1,440 shares)	—	36	—	(36)	—	—
Restricted stock award grants (57,823 shares)	—	(1,000)	—	1,000	—	—
Performance based restricted stock award grants (11,895 shares)	—	(173)	—	173	—	—
Stock-based compensation expense	—	1,248	—	—	—	1,248
Contribution of treasury stock (3,000 shares)	—	(44)	—	44	—	—
Stock-based contribution expense	—	84	—	—	—	84
Issuance of common stock, net of issuance costs (4,257,446 shares)	—	94,051	—	—	—	94,051
Purchase of treasury stock (50,166 shares)	—	—	—	(1,342)	—	(1,342)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,568 shares)	—	—	—	(203)	—	(203)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (4,706 shares)	—	—	—	(126)	—	(126)
Preferred cash dividend declared	—	—	(4,302)	—	—	(4,302)
Cash dividends declared ($0.70 per share)	—	—	(12,557)	—	—	(12,557)
Balance, December 31, 2022	57,785	221,553	306,911	(2,967)	(52,520)	530,762
Net income	—	—	58,020	—	—	58,020
Other comprehensive income	—	—	—	—	6,442	6,442
Forfeiture of restricted stock award grants (6,391 shares)	—	134	—	(134)	—	—
Restricted stock award grants (105,185 shares)	—	(2,743)	—	2,743	—	—
Performance based restricted stock award grants (4,118 shares)	—	(111)	—	111	—	—
Stock-based compensation expense	—	1,688	—	—	—	1,688
Contribution of treasury stock (3,000 shares)	—	(81)	—	81	—	—
Stock-based contribution expense	—	55	—	—	—	55
Purchase of treasury stock (326,459 shares)	—	—	—	(6,621)	—	(6,621)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (3,776 shares)	—	—	—	(89)	—	(89)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (584 shares)	—	—	—	(14)	—	(14)
Preferred cash dividend declared	—	—	(4,302)	—	—	(4,302)
Common cash dividends declared ($0.70 per share)	—	—	(14,694)	—	—	(14,694)
Balance, December 31, 2023	57,785	220,495	345,935	(6,890)	(46,078)	571,247

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022
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
Net income	—	—	54,575	—	—	54,575
Other comprehensive income	—	—	—	—	2,505	2,505
Forfeiture of restricted stock award grants (15,044 shares)	—	360	—	(360)	—	—
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	—	2,225	—	—	—	2,225
Purchase of treasury stock (23,988 shares)	—	—	—	(441)	—	(441)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,421 shares)	—	—	—	(148)	—	(148)
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	—	—	(4,302)	—	—	(4,302)
Cash dividends declared ($0.71 per common share)	—	—	(14,912)	—	—	(14,912)
Balance, December 31, 2024	$ 57,785	$ 219,876	$ 381,296	$ (4,689)	$ (43,573)	$ 610,695

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in thousands

	Year ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 54,575	$ 58,020	$ 63,188
Adjustments to reconcile net income to net cash provided by operations:			
Provision for credit loss expense	9,222	5,993	8,589
Depreciation and amortization of premises and equipment, operating leases assets, core deposit intangible, and mortgage servicing rights	8,269	7,739	6,573
Accretion of securities, deferred loan fees and costs, net yield and credit mark on acquired loans, and unearned income	(4,585)	(3,155)	(3,316)
Net amortization of deferred costs on borrowings	303	303	303
Accretion of deferred PPP processing fees	—	(3)	(1,889)
Deferred tax (benefit) expense	(1,183)	1,111	(1,814)
Net realized gains on sales of available-for-sale securities	(74)	(52)	(651)
Net realized and unrealized losses (gains) on equity securities	(754)	387	1,149
Gain on sale of loans held for sale	(770)	(447)	(1,285)
Net losses (gains) on dispositions of premises and equipment and foreclosed assets	53	27	(170)
Proceeds from sale of loans receivable	27,934	16,263	29,151
Origination of loans held for sale	(28,451)	(17,874)	(34,181)
Income on bank owned life insurance	(3,110)	(2,945)	(2,550)
Gain on bank owned life insurance (death benefit proceeds in excess of cash surrender value)	—	—	(883)
Restricted stock compensation expense	2,225	1,688	1,248
Stock-based contribution expense	—	55	84
Changes in:			
Accrued interest receivable and other assets	389	(5,894)	(19,065)
Accrued interest payable, lease liabilities, and other liabilities	7,469	(14,193)	19,572
NET CASH PROVIDED BY OPERATING ACTIVITIES	71,512	47,023	64,053
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturities, prepayments and calls of available-for-sale securities	65,457	42,726	70,033
Proceeds from sales of available-for-sale securities	806	13,151	22,164
Proceeds from sale of equity securities	—	296	—
Purchase of available-for-sale securities	(190,849)	(19,253)	(48,433)
Proceeds from maturities, prepayments and calls of held-to-maturity securities	83,883	16,806	23,995
Purchases of held-to-maturity securities	—	—	(213,853)
Purchase of equity securities	(401)	(369)	(398)
Proceeds from loans held for sale previously classified as portfolio loans	11,182	4,994	—
Net increase in loans receivable	(155,115)	(197,594)	(630,605)
Purchase of bank owned life insurance	—	—	(11,644)
Proceeds from death benefit of bank owned life insurance policies	—	—	3,273
Redemption (purchase) of FHLB, other equity, and restricted equity interests	(10,691)	704	(7,439)
Purchase of premises and equipment	(16,284)	(10,847)	(12,290)
Proceeds from the sale of premises and equipment and foreclosed assets	8,732	52	496
Purchase of other intangibles	—	(125)	—
NET CASH USED BY INVESTING ACTIVITIES	(203,280)	(149,459)	(804,701)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in checking, money market and savings accounts	156,248	316,280	(153,191)
Net increase in certificates of deposit	216,366	60,033	60,009
Purchase of treasury stock	(643)	(6,724)	(1,671)
Proceeds from common stock offering, net of issuance costs	—	—	94,051
Cash dividends paid, common stock	(14,912)	(14,694)	(12,557)
Cash dividends paid, preferred stock	(4,302)	(4,302)	(4,302)
Net change in short-term borrowings	—	(132,396)	132,396
NET CASH PROVIDED BY FINANCING ACTIVITIES	352,757	218,197	114,735
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	220,989	115,761	(625,913)
CASH AND CASH EQUIVALENTS, Beginning	222,046	106,285	732,198
CASH AND CASH EQUIVALENTS, Ending	$ 443,035	$ 222,046	$ 106,285

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Dollars in thousands

	Year ended December 31,		
	2024	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	$ 134,399	$ 102,156	$ 26,804
Income taxes	12,908	12,006	17,423
SUPPLEMENTAL NONCASH DISCLOSURES:			
Transfers to other real estate owned	$ 1,453	$ 874	$ 785
Transfers from loans held for sale to loans held for investment	1,394	1,666	6,448
Transfers from loans held for investment to loans held for sale	438	166	—
Transfer of securities from available-for-sale to held-to-maturity	—	—	220,757
Grant of restricted stock awards from treasury stock	3,025	2,743	1,000
Grant of performance based restricted stock awards from treasury stock	179	111	173
Restricted stock forfeiture	360	134	36
Contribution of stock from treasury stock	—	81	44
Lease liabilities arising from obtaining operating right-of-use assets	4,084	5,001	13,371
Lease liabilities arising from obtaining finance right-of-use assets	14,951	—	—

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

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

Business and Organization

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

Basis of Financial Presentation

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

Subsequent Events

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

Use of Estimates

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

Cash and Cash Equivalents

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

Interest-Bearing Deposits in Other Financial Institutions

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

Restrictions on Cash

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

Debt Securities

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

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

The Corporation has made a policy election to exclude accrued interest from the amortized cost basis of debt securities and report accrued interest separately in accrued interest receivable and other assets in the consolidated balance sheets. A debt security is placed on nonaccrual status at the time any principal or interest payments become more than 90 days delinquent or if full collection of interest or principal becomes uncertain. Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to debt securities reversed against interest income for the years ended December 31, 2024 and 2023, respectively.

Allowance for Credit Losses (AFS Debt Securities)

For AFS debt securities in an unrealized loss position, the Corporation first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For AFS debt securities that do not meet the aforementioned criteria, the Corporation evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management confirms that an AFS security is uncollectable or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2024 and December 31, 2023, the Corporation determined that the unrealized loss positions in AFS debt securities were not the result of credit losses, and therefore, an allowance for credit losses was not recorded. See Note 2, "Securities," and Note 4, "Fair Value," for more information about AFS debt securities.

Accrued interest receivable on AFS debt securities totaled $2.1 million and $1.4 million at December 31, 2024 and December 31, 2023, respectively, and was reported in accrued interest receivable and other assets on the consolidated balance sheets.

Allowance for Credit Losses (HTM Debt Securities)

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

Accrued interest receivable on HTM debt securities totaled $1.1 million and $1.3 million at December 31, 2024 and 2023, respectively, and was reported in accrued interest receivable and other assets on the consolidated balance sheets and is excluded from the estimate of credit losses.

Management classifies the HTM portfolio into the following major security types: U.S. government sponsored entities and residential & multi-family mortgages. All of the residential & multi-family mortgages held by the Corporation are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses.

Equity Securities

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

Loans Held for Sale

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

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

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts, deferred loan fees and costs. Accrued interest receivable totaled $21.6 million and $21.6 million at December 31, 2024 and December 31, 2023, respectively, and was reported in accrued interest receivable and other assets on the consolidated balance sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

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

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

Purchased Credit Deteriorated ("PCD") Loans

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

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

Concentration of Credit Risk

Most of the Corporation’s business activity is with customers located within the Commonwealth of Pennsylvania and the states of Ohio, New York and Virginia. Therefore, the Corporation’s exposure to credit risk is significantly affected by changes in the economies of Pennsylvania, Ohio, New York and Virginia. At December 31, 2024 no industry concentration existed which exceeded 10% of the total loan portfolio.

Allowance for Credit Losses - Loans

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

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

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

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

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

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

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

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

Residential Mortgages secured by first liens: The Bank originates one-to-four family residential mortgage loans primarily within Central and Northwest Pennsylvania, Central and Northeast Ohio, Western New York, and Southwest Virginia market. These loans are secured by first liens on a primary residence or investment property. The primary risk characteristics associated with residential mortgage loans typically involve major changes to the borrower, including unemployment or other loss of income; unexpected significant expenses, such as major medical expenses, catastrophic events, divorce or death. Residential mortgage loans that have adjustable rates could expose the borrower to higher payments in a rising interest rate environment.

Real estate values could decrease and cause the value of the underlying property to fall below the loan amount, creating additional potential loss exposure for the Bank.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The portfolio segments utilizing the DCF methodology comprised 91.3% and 85.9% of the amortized cost of loans as of December 31, 2024 and December 31, 2023, respectively, and included:

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

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

The portfolio segments utilizing the WARM methodology comprised 8.7% and 14.1% of the amortized cost of loans as of December 31, 2024 and December 31, 2023, respectively, and included:

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

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

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

Management estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Corporation. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. Management estimates the amount of expected losses by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Bank and applying the loss factors used in the allowance for credit losses on loans methodology to the results of the usage calculation to estimate the liability for credit losses related to unfunded commitments for each loan segment. The estimate of credit losses on OBS credit exposures is $944 thousand and $759 thousand at December 31, 2024 and 2023, respectively, and was reported in accrued interest payable and other liabilities on the consolidated balance sheets.

Mortgage Servicing Rights

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

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

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

Transfers of Financial Assets

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

Foreclosed Assets

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

Premises and Equipment

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

Leases

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

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

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

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

Federal Home Loan Bank Stock

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

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

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

Both cash and stock dividends are reported as income.

Qualified Affordable Housing Project Investments

The Corporation has investments in various real estate limited partnerships that acquire, develop, own and operate low and moderate-income housing. These investments are made directly in Low Income Housing Tax Credit ("LIHTC") partnerships formed by third parties. As a limited partner in these operating partnerships, the Corporation receives tax credits and tax deductions for losses incurred by the underlying properties. The Corporation accounts for its ownership interest in LIHTC partnerships in accordance with Accounting Standards Update ("ASU") 2023-02, "Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." The standard allows 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. There were no impairment losses during the year resulting from the forfeiture or ineligibility of tax credits related to qualified affordable housing project investments.

Bank Owned Life Insurance

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

Goodwill and Other Intangible Assets

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

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

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

Loan Commitments and Related Financial Instruments

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

Derivatives

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

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

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

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

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

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

Stock-Based Compensation

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

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

Income Taxes

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

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

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

Retirement Plans

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

Earnings Per Common Share

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

Comprehensive Income

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

Loss Contingencies

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

Treasury Stock

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

Dividend Restriction

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

Fair Value of Financial Instruments

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

Revenue Recognition

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

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

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

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

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

Other income: The Corporation's other income includes sources such as bank owned life insurance, changes in fair value and realized gains on sales of equity securities, certain service fees, gains (losses) on sales of fixed assets, and gains (losses) on sale of other real estate owned. The service fees are recognized in the 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.

The Corporation does not exercise significant judgements in the recognition of income, as typically income is not recognized until the performance obligation has been satisfied. The Corporation has not recognized any assets from the costs to obtain or fulfill a contract with customers for revenue streams that fall within the guidance of Topic 606.

Revision of Previously Issued Financial Statements

The Corporation has revised amounts reported in previously issued financial statements for the year ended December 31, 2023 presented in this Annual Report on Form 10–K. The revisions relate to the classification of completed construction loans not being reported in the appropriate permanent loan segment classification. The revisions resulted in changes to Note 3, "Loans Receivable and Allowance for Credit Losses," and specifically the segment classification in the disclosure. These revisions do not impact the Corporation's net income.

The Corporation evaluated the aggregate effects of these revisions to its previously issued financial statements in accordance with SEC Staff Accounting Bulletins No. 99 and No. 108 and, based upon quantitative and qualitative factors, determined that the revisions were not material to the previously issued financial statements and disclosures included in its Annual Report on Form 10-K for the year ended December 31, 2023.

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

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

Adoption of New Accounting Standards

Accounting Standards Adopted in 2022

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

Accounting Standards Adopted in 2023

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

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

In March 2022, the FASB issued ASU 2022-02, "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 consolidated financial statements and related disclosures.

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

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. The update did not have a material impact on the Corporation's 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. The update did not have a material impact on the Corporation's 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. The update did not have a material impact on the Corporation's 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 Chief Operating Decision Maker ("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 was effective for the Corporation on December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. The update did not have a material impact on the Corporation's consolidated financial statements and related disclosures.

Effects of Newly Issued But Not Yet Effective Accounting Standards

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

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

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

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

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

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures." The ASU requires disclosure about the types of costs and expenses included in certain expense captions presented on the income statement. The ASU is effective for annual periods beginning after December 15, 2026, and interim report periods beginning after December 15, 2027. Early application of the amendment is permitted. The ASU should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Corporation is evaluating the effect that ASU 2024-03 will have on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-04, "Debt—Debt with Conversion and Other Options (Subtopic 470-20)." The ASU will improve the relevance and consistency in application of the induced conversion guidance. The ASU is effective for annual periods beginning after December 15, 2025, and interim report periods and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. The Corporation is evaluating the effect that ASU 2024-04 will have on its consolidated financial statements and related disclosures.

In January 2025, the FASB issued ASU 2025-01, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)." The amendment in this ASU amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. The Corporation is evaluating the effect that ASU 2024-04 will have on its consolidated financial statements and related disclosures.

2. Securities

AFS debt securities at December 31, 2024 and 2023 were as follows:

	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Fair Value
U.S. Gov't sponsored entities	$ 14,795	$ 17	$ (2)	$ —	$ 14,810
State & political subdivisions	104,025	11	(13,080)	—	90,956
Residential & multi-family mortgage	352,983	60	(34,133)	—	318,910
Corporate notes & bonds	39,022	—	(3,812)	—	35,210
Pooled SBA	9,398	—	(738)	—	8,660
Total	$ 520,223	$ 88	$ (51,765)	$ —	$ 468,546

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

HTM debt securities at December 31, 2024 and 2023 are as follows:

	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Fair Value
U.S. Gov't sponsored entities	$ 229,504	$ —	$ (13,354)	$ —	$ 216,150
Residential & multi-family mortgage	76,577	—	(9,757)	—	66,820
Total	$ 306,081	$ —	$ (23,111)	$ —	$ 282,970

	December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Fair Value
U.S. Gov't sponsored entities	$ 302,945	$ —	$ (19,038)	$ —	$ 283,907
Residential & multi-family mortgage	86,023	—	(9,360)	—	76,663
Total	$ 388,968	$ —	$ (28,398)	$ —	$ 360,570

The Corporation elected to transfer 74 AFS debt securities with an aggregate fair value of $213.7 million to a classification of HTM during the year ended December 31, 2022. In accordance with FASB ASC 320-10-55-24, the transfer from AFS to HTM must be recorded at the fair value of the AFS debt securities at the time of transfer. The net unrealized holding 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 debt securities. Such amounts will be amortized to comprehensive income over the remaining life of the securities.

Information pertaining to AFS security sales is as follows:

Year ended December 31	Proceeds	Gross Gains	Gross Losses
2024	$ 806	$ 83	$ 9
2023	13,151	52	—
2022	22,164	651	—

The tax provision related to these net realized gains at December 31, 2024, 2023, and 2022 were $16 thousand, $11 thousand, and $137 thousand, respectively.

The following is a schedule of the contractual maturity of AFS and HTM debt securities, excluding equity securities, at December 31, 2024:

	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
1 year or less	$ 23,840	$ 23,789	$ 52,148	$ 51,496
1 year – 5 years	47,805	44,781	158,625	148,881
5 years – 10 years	65,830	57,461	18,731	15,773
After 10 years	20,367	14,945	—	—
	157,842	140,976	229,504	216,150
Residential and multi-family mortgage	352,983	318,910	76,577	66,820
Pooled SBA	9,398	8,660	—	—
Total debt securities	$ 520,223	$ 468,546	$ 306,081	$ 282,970

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

On December 31, 2024 and 2023, securities carried at $443.9 million and $489.0 million, respectively, were pledged to secure public deposits and for other purposes as provided by law.

At December 31, 2024 and 2023, there were no holdings of securities by any one issuer, other than U.S. Government sponsored entities, in an amount greater than 10% of shareholders' equity.

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

December 31, 2024	**Less than 12 Months**		**12 Months or More**		**Total**	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	$ 249	$ (1)	$ 3,340	$ (1)	$ 3,589	$ (2)
State & political subdivisions	6,519	(90)	80,172	(12,990)	86,691	(13,080)
Residential & multi-family mortgage	118,057	(810)	159,576	(33,323)	277,633	(34,133)
Corporate notes & bonds	987	(13)	34,224	(3,799)	35,211	(3,812)
Pooled SBA	410	(2)	8,250	(736)	8,660	(738)
Total	$ 126,222	$ (916)	$ 285,562	$ (50,849)	$ 411,784	$ (51,765)

December 31, 2023	**Less than 12 Months**		**12 Months or More**		**Total**	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	$ 2,487	$ (1)	$ 1,956	$ (35)	$ 4,443	$ (36)
State & political subdivisions	749	—	84,828	(13,315)	85,577	(13,315)
Residential and multi-family mortgage	—	—	191,436	(34,353)	191,436	(34,353)
Corporate notes & bonds	978	(22)	41,488	(5,311)	42,466	(5,333)
Pooled SBA	—	—	10,409	(847)	10,409	(847)
Total	$ 4,214	$ (23)	$ 330,117	$ (53,861)	$ 334,331	$ (53,884)

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

December 31, 2024	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	$ —	$ —	$ 216,150	$ (13,354)	$ 216,150	$ (13,354)
Residential & multi-family mortgage	—	—	66,820	(9,757)	66,820	(9,757)
Total	$ —	$ —	$ 282,970	$ (23,111)	$ 282,970	$ (23,111)

December 31, 2023	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov't sponsored entities	$ —	$ —	$ 283,907	$ (19,038)	$ 283,907	$ (19,038)
State & political subdivisions	—	—	76,663	(9,360)	76,663	(9,360)
Total	$ —	$ —	$ 360,570	$ (28,398)	$ 360,570	$ (28,398)

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

As of December 31, 2024 and 2023, management performed an assessment for allowance for credit losses on the Corporation's AFS debt securities in an unrealized loss position and as of December 31, 2024 management performed an assessment for allowance for credit losses on the Corporation's HTM debt securities.

First an assessment was performed to determine if the Corporation intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost. Management determined it does not intend to sell and will not be required to sell any of the securities before recovery of its amortized cost. Next, management performed an evaluation relying on information obtained from various sources, including publicly available financial data, ratings by external agencies, brokers and other sources. For the securities that comprise corporate notes and bonds and the securities that are issued by state and political subdivisions, management monitors publicly available financial information, such as filings with the Securities and Exchange Commission, in order to evaluate the securities credit quality and ability to repay its debt obligations. For financial institution issuers, management monitors information from quarterly "call" report filings that are used to generate Uniform Bank Performance Reports. All other securities that were in an unrealized loss position at the balance sheet date were reviewed by management, and issuer-specific documents were reviewed as appropriate given the following considerations; the financial condition and near-term prospects of the issuer and whether downgrades by bond rating agencies have occurred. Based on the results of the assessment, management believes the decline in fair value is not the result of credit losses. As a result no credit allowance is required as of December 31, 2024.

As of December 31, 2024 and 2023 management concluded that the securities described in the previous paragraph did not decline in fair value due to credit factors for the following reasons:

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

In addition, the rise in interest rates is the primary driver of the decline in fair value below amortized cost as of December 31, 2024.

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

	December 31, 2024	December 31, 2023
Corporate equity securities	$ 6,542	$ 5,341
Mutual funds	1,936	2,223
Money market	287	1,103
Corporate notes	1,691	634
Total	$ 10,456	$ 9,301

During the year ended December 31, 2024, 2023, and 2022, the proceeds from sold equity securities were zero in 2024, $296 thousand in 2023 and zero in 2022, resulting in net realized gains of zero in 2024, $22 thousand in 2023, and zero in 2022.

3. Loans Receivable and Allowance for Credit Losses

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

	2024	Percentage of Total	2023 [1]	Percentage of Total
Farmland	$ 31,099	0.67 %	$ 33,485	0.76 %
Owner-occupied, nonfarm nonresidential properties	515,208	11.18	511,910	11.46
Agricultural production and other loans to farmers	6,492	0.14	1,652	0.04
Commercial and Industrial	718,775	15.60	726,442	16.26
Obligations (other than securities and leases) of states and political subdivisions	140,430	3.05	152,201	3.41
Other loans	28,110	0.61	25,507	0.57
Other construction loans and all land development and other land loans	282,912	6.14	340,358	7.62
Multifamily (5 or more) residential properties	411,146	8.92	305,697	6.84
Non-owner occupied, nonfarm nonresidential properties	1,033,541	22.42	984,033	22.02
1-4 Family Construction	26,431	0.57	28,055	0.63
Home equity lines of credit	166,327	3.61	130,700	2.92
Residential Mortgages secured by first liens	1,012,746	21.97	1,005,335	22.50
Residential Mortgages secured by junior liens	106,462	2.31	91,240	2.04
Other revolving credit plans	41,095	0.89	42,877	0.96
Automobile	20,961	0.45	25,315	0.57
Other consumer	53,821	1.17	51,592	1.14
Credit cards	13,143	0.29	11,785	0.26
Overdrafts	257	0.01	292	0.01
Total loans	$ 4,608,956	100.00 %	$ 4,468,476	100.00 %
Less: Allowance for credit losses	(47,357)		(45,832)	
Loans, net	$ 4,561,599		$ 4,422,644	
Net deferred loan origination fees (costs) included in the above loan table	$ 49		$ 2,448	

[1] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the total loans disclosure at December 31, 2023, to reflect adjustments for the applicable portfolio segments, which revisions are reflected in the above table.

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 $79.9 million and $108.7 million as of December 31, 2024 and 2023, respectively.

Transactions in the allowance for credit losses for the year ended December 31, 2024 were as follows:

	Beginning Allowance[1]	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[1][2]	Ending Allowance
Farmland	$ 138	$ —	$ —	$ 29	$ 167
Owner-occupied, nonfarmnonresidential properties	4,131	(1,448)	55	2,958	5,696
Agricultural production and other loans to farmers	7	—	—	30	37
Commercial and Industrial	9,500	(2,425)	56	628	7,759
Obligations (other than securities and leases) ofstates and political subdivisions	2,627	—	—	(1,258)	1,369
Other loans	389	—	—	(60)	329
Other construction loans and all land development and other land loans	2,830	(11)	—	(248)	2,571
Multifamily (5 or more) residential properties	1,251	—	—	1,718	2,969
Non-owner occupied, nonfarm nonresidential properties	9,783	(974)	53	1,248	10,110
1-4 Family Construction	191	—	—	7	198
Home equity lines ofcredit	844	—	5	491	1,340
Residential Mortgages secured by first liens	8,274	(79)	—	763	8,958
Residential Mortgages secured by junior liens	1,487	—	—	(144)	1,343
Other revolving credit plans	977	(156)	30	109	960
Automobile	360	(146)	6	55	275
Other consumer	2,656	(2,094)	192	2,138	2,892
Credit cards	95	(143)	17	158	127
Overdrafts	292	(544)	94	415	257
Total loans	$ 45,832	$ (8,020)	$ 508	$ 9,037	$ 47,357

[1] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the beginning allowance column disclosure as ofDecember 31, 2023, to reflect the revisions for the applicable portfolio segments.
[2] Excludes provision for credit losses related to unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments ofthe Corporation.

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

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[1][2]	Ending Allowance[2]
Farmland	$ 159	$ —	$ —	$ (21)	$ 138
Owner-occupied, nonfarmnonresidential properties	2,905	(26)	29	1,223	4,131
Agricultural production and other loans to farmers	6	—	—	1	7
Commercial and Industrial	9,766	(392)	438	(312)	9,500
Obligations (other than securities and leases) ofstates and political subdivisions	1,863	—	—	764	2,627
Other loans	456	—	—	(67)	389
Other construction loans and all land development and other land loans	3,253	—	—	(423)	2,830
Multifamily (5 or more) residential properties	2,353	(65)	6	(1,043)	1,251
Non-owner occupied, nonfarm nonresidential properties	7,653	(694)	10	2,814	9,783
1-4 Family Construction	327	—	—	(136)	191
Home equity lines ofcredit	1,173	(10)	5	(324)	844
Residential Mortgages secured by first liens	8,484	(117)	3	(96)	8,274
Residential Mortgages secured by junior liens	1,035	—	—	452	1,487
Other revolving credit plans	722	(119)	30	344	977
Automobile	271	(56)	1	144	360
Other consumer	2,665	(1,982)	134	1,839	2,656
Credit cards	67	(189)	18	199	95
Overdrafts	278	(604)	139	479	292
Total loans	$ 43,436	$ (4,254)	$ 813	$ 5,837	$ 45,832

[1] Excludes provision for credit losses related to unfunded commitments. Note 18, "Off-Balance Sheet Commitments and Contingencies," in the consolidated financial statements provides more detail concerning the provision for credit losses related to unfunded commitments ofthe Corporation.
[2] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the provision (benefit) for credit losses on loans receivable column and ending allowance column disclosures as ofDecember 31, 2023, to reflect the revisions for the applicable portfolio segments.

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

	Beginning Allowance	(Charge-offs)	Recoveries	Provision (Benefit) for Credit Losses on Loans Receivable[1]	Ending Allowance
Farmland	$ 151	$ —	$ —	$ 8	$ 159
Owner-occupied, nonfarmnonresidential properties	3,339	(21)	15	(428)	2,905
Agricultural production and other loans to farmers	9	—	—	(3)	6
Commercial and Industrial	8,837	(175)	139	965	9,766
Obligations (other than securities and leases) ofstates and political subdivisions	1,649	—	—	214	1,863
Other loans	149	—	—	307	456
Other construction loans and all land development and other land loans	2,198	—	—	1,055	3,253
Multifamily (5 or more) residential properties	2,289	—	—	64	2,353
Non-owner occupied, nonfarm nonresidential properties	6,481	(335)	336	1,171	7,653
1-4 Family Construction	158	—	—	169	327
Home equity lines ofcredit	1,169	—	12	(8)	1,173
Residential Mortgages secured by first liens	6,943	(51)	28	1,564	8,484
Residential Mortgages secured by junior liens	546	—	—	489	1,035
Other revolving credit plans	528	(92)	50	236	722
Automobile	263	(28)	2	34	271
Other consumer	2,546	(1,623)	89	1,653	2,665
Credit cards	92	(99)	38	36	67
Overdrafts	241	(561)	138	460	278
Total loans	$ 37,588	$ (2,985)	$ 847	$ 7,986	$ 43,436

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

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

For the year ended December 31, 2024, the allowance for credit losses increased primarily due to the growth in the Corporation's loan portfolio in new market areas, partially offset by improvements in the Corporation's historical loss rates, annual updates to the Corporation's loss drivers and assumptions, as well as the impact of net charge-offs. Significant uncertainty persists regarding the domestic and global economy due to persistent inflation in certain segments of the U.S. economy, elevated interest rates, fluctuating levels of consumer confidence, and geopolitical conflicts. Management will continue to proactively evaluate its estimate of expected credit losses as new information becomes available.

Provision for credit losses was $9.2 million for the year ended December 31, 2024, compared to $6.0 million and $8.6 million for the years ended December 31, 2023 and 2022, respectively. Included in the provision for credit losses for the year ended December 31, 2024 was $185 thousand related to the allowance for unfunded commitments compared to $156 thousand and $603 thousand provision towards the allowance for unfunded commitments for the years ended December 31, 2023 and 2022, respectively.

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

	December 31, 2024		
	Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due over 89 Days Still Accruing
Farmland	$ 522	$ 522	$ —
Owner-occupied, nonfarm nonresidential properties	5,896	1,392	—
Commercial and Industrial	10,682	10,111	—
Other construction loans and all land development and other land loans	1,482	36	—
Multifamily (5 or more) residential properties	20,658	266	491
Non-owner occupied, nonfarm nonresidential properties	5,913	5,913	—
Home equity lines of credit	837	837	—
Residential Mortgages secured by first liens	9,093	8,311	—
Residential Mortgages secured by junior liens	271	271	—
Other revolving credit plans	154	154	—
Automobile	66	66	—
Other consumer	749	749	—
Credit cards	—	—	162
Total loans	$ 56,323	$ 28,628	$ 653

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

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

The following tables present the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of December 31, 2024 and 2023, respectively:

	December 31, 2024	
	Real Estate Collateral	Non-Real Estate Collateral
Farmland	$ 352	$ —
Owner-occupied, nonfarm nonresidential properties	4,503	—
Commercial and Industrial	258	2,553
Other construction loans and all land development and other land loans	1,446	—
Multifamily (5 or more) residential properties	20,658	—
Non-owner occupied, nonfarm nonresidential properties	5,224	—
Home equity lines of credit	290	—
Residential Mortgages secured by first liens	1,411	—
Total loans	$ 34,142	$ 2,553

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

The following table presents the aging of the amortized cost basis in past-due loans as of December 31, 2024 by class of loans:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Farmland	$ —	$ —	$ —	$ —	$ 31,099	$ 31,099
Owner-occupied, nonfarm nonresidential properties	77	1,479	5,030	6,586	508,622	515,208
Agricultural production and other loans to farmers	—	—	—	—	6,492	6,492
Commercial and Industrial	704	185	6,632	7,521	711,254	718,775
Obligations (other than securities and leases) of states and political subdivisions	—	—	—	—	140,430	140,430
Other loans	—	—	—	—	28,110	28,110
Other construction loans and all land development and other land loans	—	—	1,482	1,482	281,430	282,912
Multifamily (5 or more) residential properties	—	20,392	757	21,149	389,997	411,146
Non-owner occupied, nonfarm nonresidential properties	—	—	—	—	1,033,541	1,033,541
1-4 Family Construction	216	—	—	216	26,215	26,431
Home equity lines of credit	1,006	387	323	1,716	164,611	166,327
Residential Mortgages secured by first liens	2,908	1,910	5,795	10,613	1,002,133	1,012,746
Residential Mortgages secured by junior liens	224	35	64	323	106,139	106,462
Other revolving credit plans	351	4	100	455	40,640	41,095
Automobile	135	3	—	138	20,823	20,961
Other consumer	601	271	358	1,230	52,591	53,821
Credit cards	97	115	162	374	12,769	13,143
Overdrafts	—	—	—	—	257	257
Total loans	$ 6,319	$ 24,781	$ 20,703	$ 51,803	$ 4,557,153	$ 4,608,956

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

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

[1] As previously disclosed in the Corporation's Quarterly Report on Form10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the loans receivable not past due and total columns disclosure as of December 31, 2023, to reflect the revisions for the applicable portfolio segments.

Loan Modifications

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

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

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

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

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension	Total Class of Financing Receivable
Farmland	$ —	$ 1,040	$ —	$ —	$ —	3.34 %
Owner-occupied, nonfarm nonresidential properties	—	696	—	—	—	0.14
Commercial and Industrial	—	—	410	—	—	0.06
Non-owner occupied, nonfarm nonresidential properties	—	5,225	—	—	—	0.51
Total	$ —	$ 6,961	$ 410	$ —	$ —	0.16 %

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

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Payment Delay and Term Extension	Total Class of Financing Receivable
Owner-occupied, nonfarm nonresidential properties	$ —	$ 5,934	$ —	$ —	$ —	1.20 %
Commercial and Industrial	—	7,794	524	320	—	1.19
Non-owner occupied, nonfarm nonresidential properties	—	5,911	—	—	785	0.75
Residential Mortgages secured by first liens	—	—	414	—	—	0.04
Residential Mortgages secured by junior liens	—	—	29	—	—	0.03
Total	$ —	$ 19,639	$ 967	$ 320	$ 785	0.49 %

The Corporation has zero in 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 year ended December 31, 2024:

	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Farmland	$ 1,040	$ —	$ —	$ —	$ —
Owner-occupied, nonfarm nonresidential properties	696	—	—	—	—
Commercial and Industrial	410	—	—	—	—
Non-owner occupied, nonfarm nonresidential properties	5,225	—	—	—	—
Total	$ 7,371	$ —	$ —	$ —	$ —

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

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

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the year ended December 31, 2024:

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

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

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

There were no loans that had a payment default during the year ended December 31, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

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

	Principal Forgiveness	Payment Delay	Term Extension	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	$ —	$ —

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

Credit Quality Indicators

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

The Corporation uses the following definitions for risk ratings:

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

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

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

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

	December 31, 2024					
		Non-Pass Rated				
	Pass	Special Mention	Substandard	Doubtful	Total Non-Pass	Total
Farmland	$ 25,171	$ 5,267	$ 661	$ —	$ 5,928	$ 31,099
Owner-occupied, nonfarm nonresidential properties	491,798	1,289	22,121	—	23,410	515,208
Agricultural production and other loans to farmers	6,492	—	—	—	—	6,492
Commercial and Industrial	654,139	4,321	60,315	—	64,636	718,775
Obligations (other than securities and leases) of states and political subdivisions	140,430	—	—	—	—	140,430
Other loans	28,110	—	—	—	—	28,110
Other construction loans and all land development and other land loans	281,466	—	1,446	—	1,446	282,912
Multifamily (5 or more) residential properties	385,946	—	25,200	—	25,200	411,146
Non-owner occupied, nonfarm nonresidential properties	1,008,507	4,947	20,087	—	25,034	1,033,541
Total loans	$ 3,022,059	$ 15,824	$ 129,830	$ —	$ 145,654	$ 3,167,713

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

[1] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the pass, special mention, total non-pass and total columns disclosure as of December 31, 2023, to reflect the revisions for the applicable portfolio segments.

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, 2024. Current period originations may include modifications.

	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Farmland									
Risk rating									
Pass	$ 265	$ 3,165	$ 6,756	$ 6,477	$ 1,436	$ 6,662	$ 410	$ —	$ 25,171
Special mention	—	—	5,267	—	—	—	—	—	5,267
Substandard	170	—	—	—	—	491	—	—	661
Total	$ 435	$ 3,165	$ 12,023	$ 6,477	$ 1,436	$ 7,153	$ 410	$ —	$ 31,099
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Owner-occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 74,692	$ 62,609	$ 114,980	$ 98,469	$ 39,931	$ 90,249	$ 10,868	$ —	$ 491,798
Special mention	—	—	—	254	—	527	508	—	1,289
Substandard	14,181	1,114	4,370	696	—	1,507	253	—	22,121
Total	$ 88,873	$ 63,723	$ 119,350	$ 99,419	$ 39,931	$ 92,283	$ 11,629	$ —	$ 515,208
Current period gross write offs	$ —	$ —	$ 750	$ —	$ —	$ 698	$ —	$ —	$ 1,448
Agricultural production and other loans to farmers									
Risk rating									
Pass	$ 5,072	$ 473	$ 18	$ 26	$ 40	$ 148	$ 715	$ —	$ 6,492
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 5,072	$ 473	$ 18	$ 26	$ 40	$ 148	$ 715	$ —	$ 6,492
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial and Industrial									
Risk rating									
Pass	$ 148,569	$ 44,080	$ 104,613	$ 63,646	$ 24,511	$ 18,771	$ 249,949	$ —	$ 654,139
Special mention	7	55	139	424	61	32	3,603	—	4,321
Substandard	845	5,145	10,988	1,461	49	1,935	39,892	—	60,315
Total	$ 149,421	$ 49,280	$ 115,740	$ 65,531	$ 24,621	$ 20,738	$ 293,444	$ —	$ 718,775
Current period gross write offs	$ —	$ 301	$ 116	$ 537	$ 1	$ 43	$ 1,428	$ —	$ 2,426
Obligations (other than securities and leases) of states and political subdivisions									
Risk rating									
Pass	$ 7,999	$ 24,754	$ 15,756	$ 30,419	$ 11,411	$ 45,882	$ 4,209	$ —	$ 140,430
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 7,999	$ 24,754	$ 15,756	$ 30,419	$ 11,411	$ 45,882	$ 4,209	$ —	$ 140,430
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other loans									
Risk rating									
Pass	$ 2,134	$ 3,382	$ 12,291	$ 4,602	$ 1,341	$ 274	$ 4,086	$ —	$ 28,110
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 2,134	$ 3,382	$ 12,291	$ 4,602	$ 1,341	$ 274	$ 4,086	$ —	$ 28,110
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Other construction loans and all land development and other land loans									
Risk rating									
Pass	$ 112,919	$ 58,596	$ 99,268	$ 3,141	$ 749	$ 1,875	$ 4,918	$ —	$ 281,466
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	1,446	—	—	1,446
Total	$ 112,919	$ 58,596	$ 99,268	$ 3,141	$ 749	$ 3,321	$ 4,918	$ —	$ 282,912
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 11	$ 11
Multifamily (5 or more) residential properties									
Risk rating									
Pass	$ 46,905	$ 49,880	$ 173,994	$ 67,500	$ 20,706	$ 25,037	$ 1,924	$ —	$ 385,946
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	2,107	20,392	—	2,701	—	—	—	25,200
Total	$ 46,905	$ 51,987	$ 194,386	$ 67,500	$ 23,407	$ 25,037	$ 1,924	$ —	$ 411,146
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-owner occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 141,083	$ 190,123	$ 320,047	$ 183,621	$ 38,309	$ 127,515	$ 7,809	$ —	$ 1,008,507
Special mention	1,962	—	212	2,003	—	349	421	—	4,947
Substandard	11,469	762	689	—	5,225	1,942	—	—	20,087
Total	$ 154,514	$ 190,885	$ 320,948	$ 185,624	$ 43,534	$ 129,806	$ 8,230	$ —	$ 1,033,541
Current period gross write offs	$ —	$ —	$ 33	$ 296	$ —	$ 625	$ 20	$ —	$ 974

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of December 31, 2023. Current period originations may include modifications. As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the vintage loan disclosure at December 31, 2023, to reflect the revisions for the applicable portfolio segments.

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

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

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

	December 31, 2024			December 31, 2023 [1]		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
1-4 Family Construction	$ 26,431	$ —	$ 26,431	$ 28,055	$ —	$ 28,055
Home equity lines of credit	165,490	837	166,327	129,760	940	130,700
Residential Mortgages secured by first liens	1,003,653	9,093	1,012,746	999,996	5,339	1,005,335
Residential Mortgages secured by junior liens	106,191	271	106,462	91,117	123	91,240
Other revolving credit plans	40,941	154	41,095	42,796	81	42,877
Automobile	20,895	66	20,961	25,236	79	25,315
Other consumer	53,072	749	53,821	50,794	798	51,592
Total loans	$ 1,416,673	$ 11,170	$ 1,427,843	$ 1,367,754	$ 7,360	$ 1,375,114

[1] As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the performing and total columns at December 31, 2023, to reflect the revisions for the applicable portfolio segments.

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, 2024. The current period originations may include modifications, extensions and renewals.

	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
1-4 Family Construction									
Payment performance									
Performing	$ 21,411	$ 3,717	$ 1,254	$ —	$ —	$ 49	$ —	$ —	$ 26,431
Nonperforming	—	—	—	—	—	—	—	—	—
Total	$ 21,411	$ 3,717	$ 1,254	$ —	$ —	$ 49	$ —	$ —	$ 26,431
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity lines of credit									
Payment performance									
Performing	$ 44,573	$ 28,211	$ 30,557	$ 9,440	$ 8,106	$ 30,649	$ 7,993	$ 5,961	$ 165,490
Nonperforming	—	50	—	—	—	—	—	787	837
Total	$ 44,573	$ 28,261	$ 30,557	$ 9,440	$ 8,106	$ 30,649	$ 7,993	$ 6,748	$ 166,327
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential mortgages secured by first lien									
Payment performance									
Performing	$ 106,278	$ 135,898	$ 224,633	$ 177,756	$ 128,924	$ 226,926	$ 3,238	$ —	$ 1,003,653
Nonperforming	363	2,494	1,657	1,305	839	2,435	—	—	9,093
Total	$ 106,641	$ 138,392	$ 226,290	$ 179,061	$ 129,763	$ 229,361	$ 3,238	$ —	$ 1,012,746
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 79	$ —	$ —	$ 79
Residential mortgages secured by junior liens									
Payment performance									
Performing	$ 32,777	$ 22,256	$ 22,931	$ 11,769	$ 5,695	$ 9,465	$ 1,298	$ —	$ 106,191
Nonperforming	19	40	34	123	—	16	39	—	271
Total	$ 32,796	$ 22,296	$ 22,965	$ 11,892	$ 5,695	$ 9,481	$ 1,337	$ —	$ 106,462
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other revolving credit plans									
Payment performance									
Performing	$ 10,454	$ 5,556	$ 6,898	$ 2,163	$ 5,366	$ 10,504	$ —	$ —	$ 40,941
Nonperforming	—	—	27	6	—	121	—	—	154
Total	$ 10,454	$ 5,556	$ 6,925	$ 2,169	$ 5,366	$ 10,625	$ —	$ —	$ 41,095
Current period gross write offs	$ —	$ 9	$ —	$ 41	$ 25	$ 81	$ —	$ —	$ 156
Automobile									
Payment performance									
Performing	$ 5,794	$ 8,504	$ 3,975	$ 1,149	$ 664	$ 809	$ —	$ —	$ 20,895
Nonperforming	—	15	47	—	4	—	—	—	66
Total	$ 5,794	$ 8,519	$ 4,022	$ 1,149	$ 668	$ 809	$ —	$ —	$ 20,961
Current period gross write offs	$ 22	$ 93	$ 7	$ 14	$ 6	$ 4	$ —	$ —	$ 146
Other consumer									
Payment performance									
Performing	$ 27,727	$ 13,090	$ 5,344	$ 2,432	$ 2,162	$ 2,317	$ —	$ —	$ 53,072
Nonperforming	219	368	82	67	8	5	—	—	749
Total	$ 27,946	$ 13,458	$ 5,426	$ 2,499	$ 2,170	$ 2,322	$ —	$ —	$ 53,821
Current period gross write offs	$ 133	$ 1,141	$ 630	$ 154	$ 24	$ 12	$ —	$ —	$ 2,094

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by payment activity within each portfolio segment as of December 31, 2023. Current period originations may include modifications. As previously disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and Note 1, "Summary of Significant Accounting Policies," immaterial revisions were made to the vintage loan disclosure at December 31, 2023, to reflect the revisions for the applicable portfolio segments.

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

	December 31, 2024	December 31, 2023
Credit card		
Payment performance		
Performing	$ 12,981	$ 11,753
Nonperforming	162	32
Total	$ 13,143	$ 11,785
Current period gross write offs	$ 143	$ 189

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

	December 31, 2024	December 31, 2023
Gross consumer loans	$ 27,261	$ 31,242
Less: unearned discounts	(4,772)	(5,696)
Total consumer loans, net of unearned discounts	$ 22,489	$ 25,546

4. Fair Value
Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

		Fair Value Measurements at December 31, 2024 Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities Available-For-Sale:				
U.S. Government sponsored entities	$ 14,810	$ 14,810	$ —	$ —
States and political subdivisions	90,956	—	90,956	—
Residential and multi-family mortgage	318,910	—	318,910	—
Corporate notes and bonds	35,210	—	35,210	—
Pooled SBA	8,660	—	8,660	—
Total Securities Available-For-Sale	$ 468,546	$ 14,810	$ 453,736	$ —
Interest rate swaps	$ 423	$ —	$ 423	$ —
Equity Securities:				
Corporate equity securities	$ 6,542	$ 6,542	$ —	$ —
Mutual funds	1,936	1,936	—	—
Money market	287	287	—	—
Corporate notes	1,691	—	1,691	—
Total Equity Securities	$ 10,456	$ 8,765	$ 1,691	$ —
Liabilities				
Interest rate swaps	$ (423)	$ —	$ (423)	$ —

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

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

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

Description	Total	Fair Value Measurements at December 31, 2024 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral-dependent loans:				
Farmland	$ 352	$ —	$ —	$ 352
Owner-occupied, nonfarm nonresidential properties	2,531	—	—	2,531
Commercial and industrial	2,334	—	—	2,334
Other construction loans and all land development loans and other land loans	1,196	—	—	1,196
Multifamily (5 or more) residential properties	19,773	—	—	19,773
Non-owner occupied, nonfarm nonresidential	5,225	—	—	5,225
Home equity lines of credit	290	—	—	290
Residential mortgages secured by first liens	1,173	—	—	1,173

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

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

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2024:

	Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:				
Farmland	$ 352	Valuation of third party appraisal on underlying collateral	Loss severity rates	37% (37%)
Owner-occupied, nonfarm nonresidential properties	2,531	Valuation of third party appraisal on underlying collateral	Loss severity rates	22%-44% (25%)
Commercial and industrial	2,334	Valuation of third party appraisal on underlying collateral	Loss severity rates	9%-100% (31%)
Other construction loans and all land development loans and other land loans	1,196	Valuation of third party appraisal on underlying collateral	Loss severity rates	38% (38%)
Multifamily (5 or more) residential properties	19,773	Valuation of third party appraisal on underlying collateral	Loss severity rates	10% (10%)
Non-owner occupied, nonfarm nonresidential	5,225	Valuation of third party appraisal on underlying collateral	Loss severity rates	51% (51%)
Home equity lines of credit	290	Valuation of third party appraisal on underlying collateral	Loss severity rates	25%-29% (28%)
Residential mortgages secured by first liens	1,173	Valuation of third party appraisal on underlying collateral	Loss severity rates	22%-51% (34%)

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

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

Fair Value of Financial Instruments

The following table presents the carrying amount and fair value of financial instruments at December 31, 2024:

	Carrying Amount	Fair Value Measurement Using: Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash and cash equivalents	$ 443,035	$ 443,035	$ —	$ —	$ 443,035
Debt securities available-for-sale	468,546	14,810	453,736	—	468,546
Debt securities held-to-maturity	306,081	71,323	211,647	—	282,970
Equity securities	10,456	8,765	1,691	—	10,456
Loans held for sale	762	—	766	—	766
Net loans receivable	4,561,599	—	—	4,495,097	4,495,097
FHLB and other restricted stock holdings and investments	40,702	n/a	n/a	n/a	n/a
Interest rate swaps	423	—	423	—	423
Accrued interest receivable	24,739	385	2,766	21,588	24,739
Liabilities:					
Deposits	$ (5,371,364)	$ (4,648,504)	$ (718,328)	$ —	$ (5,366,832)
Subordinated debentures	(105,190)	—	(124,515)	—	(124,515)
Interest rate swaps	(423)	—	(423)	—	(423)
Accrued interest payable	(7,152)	—	(7,152)	—	(7,152)

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

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

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

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.

5. Secondary Market Mortgage Activities

Total loans serviced for others were $264.1 million and $258.5 million for the years ended December 31, 2024 and 2023, respectively.

The following summarizes secondary market mortgage activities for the years ended December 31, 2024, 2023, and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Loans originated for resale	$ 28,451	$ 17,874	$ 34,181
Proceeds from sales of loans held for sale	27,934	16,263	29,151
Net gains on sales of loans held for sale	770	447	1,285
Loan servicing fees	719	744	781

The following summarizes activity for capitalized mortgage servicing rights for the years ended December 31, 2024, 2023, and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Balance, beginning of year	$ 1,554	$ 1,804	$ 1,664
Additions	244	114	232
Servicing rights acquired	—	—	—
Amortization	(547)	(364)	(92)
Balance, end of year	$ 1,251	$ 1,554	$ 1,804

The fair value of mortgage servicing rights is based on market prices for comparable mortgage servicing contracts, when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The fair value of mortgage servicing rights was not materially different than amortized cost at December 31, 2024 and 2023, respectively. No valuation allowance was deemed necessary at December 31, 2024, 2023, and 2022. The fair value of interest rate lock commitments and forward commitments to sell loans were not material at December 31, 2024 or 2023.

6. Premises and Equipment

The following summarizes premises and equipment at December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Land	$ 9,043	$ 9,043
Premises and leasehold improvements	92,269	87,591
Furniture and equipment	48,833	45,703
Construction in process	1,965	2,047
	152,110	144,384
Less: accumulated depreciation	76,099	70,684
Premises and equipment, net	$ 76,011	$ 73,700

Depreciation on premises and equipment amounted to $5.8 million in 2024, $5.7 million in 2023 and $5.3 million in 2022.

7. Leases

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

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

Leases	Classification	December 31, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease right-of-use assets	$ 37,764	$ 35,699
Finance lease assets	Finance lease right-of-use assets	14,951	—
Finance lease assets	Premises and equipment, net [1]	143	215
Total leased assets		$ 52,858	$ 35,914
Liabilities:			
Operating lease liabilities	Operating lease liabilities	$ 40,315	$ 37,650
Finance lease liabilities	Accrued interest payable and other liabilities	15,151	294
Total leased liabilities		$ 55,466	$ 37,944

[1] Finance lease assets are recorded net of accumulated amortization of $1.1 million and $1.0 million as of December 31, 2024 and 2023, respectively.

The components of the Corporation's net lease expense for the years ended December 31, 2024, 2023, and 2022 were as follows:

Lease Cost	Classification	December 31, 2024	December 31, 2023	December 31, 2022
Operating lease cost	Net occupancy expense	$ 3,066	$ 2,963	$ 2,264
Variable lease cost	Net occupancy expense	103	92	59
Finance lease cost:				
Amortization of leased assets	Net occupancy expense	72	72	72
Interest on lease liabilities	Interest expense - borrowed funds	11	15	19
Sublease income [1]	Net occupancy expense	(96)	(93)	(79)
Gain on sale-leaseback transactions	Noninterest income - other	(63)	—	—
Net lease cost		$ 3,093	$ 3,049	$ 2,335

[1] Sublease income excludes rental income fromowned properties.

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

Maturity of Lease Liabilities as of December 31, 2024	Operating Leases [1]	Finance Leases	Total
2025	$ 2,755	$ 843	$ 3,598
2026	2,737	843	3,580
2027	2,759	738	3,497
2028	2,827	783	3,610
2029	2,862	783	3,645
After 2029	51,757	32,228	83,985
Total lease payments	65,697	36,218	101,915
Less: Interest	25,382	21,067	46,449
Present value of lease liabilities	$ 40,315	$ 15,151	$ 55,466

[1] Operating lease payments include payments related to options to extend lease terms that are reasonably certain ofbeing exercised and exclude $5.6 million oflegally binding minimumlease payments for leases signed, but not yet commenced.

Other information related to the Corporation's lease liabilities as of December 31, 2024 and 2023 was as follows:

Lease Term and Discount Rate	December 31, 2024	December 31, 2023
Weighted-average remaining lease term (years)		
Operating leases	22.8	23.0
Finance leases	34.6	3.0
Weighted-average discount rate		
Operating leases	4.22 %	4.05 %
Finance leases	5.24 %	4.49 %

Other information related to the Corporation's lease liabilities as of December 31, 2024 and 2023 was as follows:

Other Information	December 31, 2024	December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used by operating leases	$ 1,052	$ 1,134

8. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the years ended December 31, 2024 and 2023 was as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 43,749	$ 43,749
Acquired during the year	—	—
Balance, end of year	$ 43,749	$ 43,749

Impairment exists when the carrying value of goodwill exceeds its fair value. The Corporation completed its annual goodwill impairment test as of December 31, 2024 and concluded that no impairment charges were required as of that date. During the fourth quarter of 2023, the Corporation elected to change the timing of its annual goodwill impairment test from December 31 to November 30. The selection of November 30 as the annual testing date for the impairment of goodwill is intended to move the testing to a time period outside of the Corporation's annual financial reporting process to allow the Corporation additional time to complete the analysis. The Corporation believes that this change is preferable under the circumstances, and that this change does not accelerate, delay or avoid an impairment charge. The Corporation has also determined that a change in the annual testing date did not result in adjustments to the consolidated financial statements when applied retrospectively.

At November 30, 2024, the Corporation elected to perform a qualitative assessment to determine if it was more likely than not 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 no impairment.

Intangible Assets

In connection with its acquisition of Bank of Akron in 2020, the Corporation recorded a core deposit intangible asset of $613 thousand. During the year ended December 31, 2024, 2023, and 2022, the Corporation recorded amortization expense of $73 thousand, $84 thousand, and $96 thousand, respectively. The net carrying value at December 31, 2024 and 2023 was $206 thousand and $280 thousand, respectively. No other intangible assets were required to be recorded in connection with the acquisition of Bank of Akron.

Estimated amortization expense of core deposit intangible assets for each of the next five years is as follows:

2025	$	62
2026		51
2027		40
2028		29
2029		18
Thereafter		6
Total	$	206

In connection with the formation of Ridge View Bank, a division of the Bank, the Corporation recorded an intangible asset related to naming rights in 2023. The naming rights have an indefinite useful life. The Corporation does not amortize intangible assets with indefinite lives but assesses them for impairment annually or more frequently if events or changes in circumstances indicate potential impairment.

As of December 31, 2024, the carrying amount of naming rights intangible assets was $125 thousand and no impairment indicators were identified during the year ended December 31, 2024.

Management evaluates events or changes in circumstances that may impact the indefinite useful life assessment of the naming rights intangible asset. If impairment indicators are identified, the Corporation will perform a qualitative or quantitative impairment test, as applicable.

9. Deposits

The following table reflects time certificates of deposit accounts included in total deposits and their remaining maturities at December 31, 2024:

Time deposits maturing:		
2025	$	615,026
2026		93,785
2027		8,128
2028		3,308
2029		1,854
Thereafter		759
Total	$	722,860

Certificates of deposit of $250 thousand or more totaled $131.1 million and $100.2 million at December 31, 2024 and 2023, respectively.

The Corporation had $185.0 million in brokered deposits as of December 31, 2024 compared to $208.3 million at December 31, 2023. In addition, the Corporation had $924.6 million and $739.3 million in reciprocal deposits at December 31, 2024 and December 31, 2023, respectively.

10. Borrowings

At December 31, 2024 and 2023, the Corporation had available one $10 million unsecured line of credit with an unaffiliated institution. Borrowings under the line of credit bear interest at a variable rate equal to the Secured Overnight Finance Rate ("SOFR") plus 2.85%. There were no borrowings on the line of credit at December 31, 2024 and 2023.

FHLB Borrowings

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

Total loans pledged to the FHLB at December 31, 2024, and 2023, were $2.1 billion and $1.8 billion, respectively. The Bank could obtain advances of up to approximately $1.2 billion from the FHLB at December 31, 2024, and $993.8 million at December 31, 2023.

At December 31, 2024, and December 31, 2023, outstanding advances from the FHLB were as follows:

	2024	2023
Open Repo borrowing at an interest rate of 4.71% and 5.68% at December 31, 2024 and December 31, 2023. The maximum amount of the Open Repo borrowing available is $250,000.	$ —	$ —
Total	$ —	$ —

At December 31, 2024 and 2023, municipal deposit letters of credit issued by the FHLB on behalf of the Bank naming applicable municipalities as beneficiaries were $157.7 million and $155.7 million, respectively. The letters of credit were utilized in place of securities pledged to the municipalities for their deposits maintained at the Bank.

Federal Reserve Borrowings

In June 2023, the Bank was approved by the Federal Reserve Bank of Philadelphia (the "Federal Reserve") for its Borrower-in-Custody ("BIC") program. At December 31, 2024, the Bank had borrowing capacity through the Federal Reserve BIC program of $211.0 million. Borrowings under the BIC program are overnight advances with interest chargeable at the discount window ("primary credit") borrowing rate. At December 31, 2024, the Bank has pledged certain qualifying loans with an unpaid principal balance of $209.0 million and securities with a carrying value of $77.9 million as collateral.

Other Borrowings

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

Subordinated Debentures

In 2007, the Corporation issued two $10.0 million floating rate trust preferred securities as part of a pooled offering of such securities. The interest rate on each offering was determined quarterly and floated based on the three-month LIBOR plus 1.55%. Effective September 15, 2023, the interest rate calculation method was revised. The interest rate is now determined quarterly, and floats based on the 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 6.17% at December 31, 2024 and 7.20% at December 31, 2023. The Corporation issued subordinated debentures to the trusts in exchange for the proceeds of the offerings, which debentures represent the sole assets of the trusts. The subordinated debentures must be redeemed no later than 2037. The Corporation may redeem the debentures, in whole or in part, at face value at any time. The Corporation has the option to defer interest payments from time to time for a period not to exceed five consecutive years. Although the trusts are variable interest entities, the Corporation is not the primary beneficiary. As a result, because the trusts are not consolidated with the Corporation, the Corporation does not report the securities issued by the trusts as liabilities. Instead, the Corporation reports as liabilities the subordinated debentures issued by the Corporation and held by the trusts, since the liabilities are not eliminated in consolidation. The trust preferred securities were designated to qualify as Tier 1 capital under the Federal Reserve's capital guidelines.

Subordinated Notes

In June 2021, the Corporation sold $85.0 million aggregate principal amount of its fixed-to-floating rate subordinated notes to eligible purchasers in a private offering in reliance on the exemption from the registration requirements of Section 4(a)(2) of the Securities Act of 1933, as amended, and the provisions of Rule 506 of Regulation D thereunder. The notes will mature in June 2031, and initially bear interest at a fixed rate of 3.25% per annum, payable semi-annually in arrears, to, but excluding, June 15, 2026, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate will reset quarterly to an interest rate per annum equal to the then current three-month average SOFR plus 2.58%. The net proceeds from the sale were approximately $83.5 million, after deducting offering expenses. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. The unamortized debt issuance costs were $0.4 million and $0.7 million as of December 31, 2024 and December 31, 2023, respectively.

11. Employee Benefit Plans

The Corporation sponsors a contributory defined contribution Section 401(k) plan. The plan permits eligible employees to make pre-tax and Roth contributions up to 70% of salary. Employees 21 years of age or over with a minimum of 90 days of service are eligible for matching contributions by the Corporation at 100% of elective contributions not to exceed 5% of plan salary. The Corporation's matching contribution and related expenses were $2.4 million, $1.8 million, and $1.6 million for the years ended December 31, 2024, 2023, and 2022, respectively. A profit sharing discretionary non-contributory pension plan component is in place for employees 21 years of age or over with a minimum of one-year with 1,000 hours of service and allows employer contributions in an amount equal to a percentage of eligible compensation plus 5.7% of the compensation in excess of $169 thousand, subject to a $345 thousand salary limit. The Corporation recognized profit sharing expense of $1.4 million, $3.6 million, and $2.9 million for the years ended December 31, 2024, 2023, and 2022 respectively.

The Corporation has adopted a non-qualified supplemental executive retirement plan ("SERP") for certain executives to compensate those executive participants in the Corporation's retirement plan whose benefits are limited by compensation limitations under current tax law. Additionally, on December 31, 2021, the Corporation adopted a Defined Contribution Plan for several employees (the "DCP"), pursuant to which the Corporation will make certain annual contributions to the DCP on the employee's behalf, which will be paid to the employee following their termination of employment from the Corporation or, if earlier, upon the employee becoming disabled. The DCP became effective as of January 2, 2022. The SERP and DCP are considered an unfunded plan for tax and ERISA purposes and all obligations arising under the SERP and DCP are payable from the general assets of the Corporation.

At December 31, 2024 and 2023, obligations of $10.5 million and $10.0 million, respectively, were included in other liabilities for the SERP and DCP. Expenses related to the SERP and DCP were $866 thousand for the year ended December 31, 2024, $565 thousand for the year ended December 31, 2023, and $1.3 million for the year ended December 31, 2022.

The Corporation has established a Survivor Benefit Plan for the benefit of outside directors. The purpose of the plan is to provide life insurance benefits to beneficiaries of the Corporation's directors who at the time of their death are participants in the plan. The plan is considered an unfunded plan for tax and ERISA purposes and all obligations arising under the plan are payable from the general assets of the Corporation. At December 31, 2024 and 2023, obligations of $1.3 million and $1.3 million, respectively, were included in other liabilities for this plan. Expenses (benefits) related to this plan were $(17) thousand for the year ended December 31, 2024, $(213) thousand for the year ended December 31, 2023, and $81 thousand for the year ended December 31, 2022.

12. Deferred Compensation Plans

Deferred compensation plans cover all directors and certain officers. Under the plans, the Corporation pays each participant, or their beneficiary, the value of the participant's account over a maximum period of 10 years, beginning with the individual's termination of service. A liability is accrued for the obligation under these plans.

A summary of changes in the deferred compensation plan liability follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Balance, beginning of year	$ 4,108	$ 3,650	$ 3,675
Deferrals, dividends, and changes in fair value	845	638	(2)
Deferred compensation payments	(241)	(180)	(23)
Balance, end of year	$ 4,712	$ 4,108	$ 3,650

13. Income Taxes

The following is a summary of income tax expense for the years ended December 31, 2024, 2023, and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Current – federal	$ 12,863	$ 11,446	$ 15,494
Current – state	1,104	1,252	1,346
Deferred – federal	(1,124)	1,110	(1,618)
Deferred – state	(59)	1	(196)
Income tax expense	$ 12,784	$ 13,809	$ 15,026

The reconciliation of income tax attributable to pre-tax income at the federal statutory tax rates to income tax expense is as follows:

	December 31, 2024	%	December 31, 2023	%	December 31, 2022	%
Tax at statutory rate	$ 14,146	21.0 %	$ 15,084	21.0 %	$ 16,425	21.0 %
Tax exempt income, net	(1,139)	(1.7)	(1,090)	(1.5)	(1,036)	(1.3)
Bank owned life insurance	(653)	(1.0)	(619)	(0.9)	(721)	(0.9)
Tax credits, net of amortization	(160)	(0.2)	(173)	(0.3)	(193)	(0.3)
Effect of state tax	826	1.2	990	1.4	908	1.2
Other	(236)	(0.4)	(383)	(0.5)	(357)	(0.5)
Income tax expense	$ 12,784	18.9 %	$ 13,809	19.2 %	$ 15,026	19.2 %

The following table sets forth deferred taxes as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Allowance for credit losses	$ 10,895	$ 10,515
Fair value adjustments – business combination	685	771
Deferred compensation	4,026	3,693
Net operating loss carryover	493	516
Post-retirement benefits	509	605
Unrealized loss on equity securities	197	129
Nonaccrual loan interest	563	476
Accrued expenses	609	579
Deferred fees and costs	25	557
Unrealized loss on securities available-for-sale	10,852	11,308
Unrealized loss on securities held-to-maturity	963	1,108
Lease liability	12,360	8,509
Other	547	453
	42,724	39,219
Deferred tax liabilities:		
Premises and equipment	3,054	3,761
Intangibles – section 197	2,475	2,487
Mortgage servicing rights	278	345
Lease asset	11,839	8,128
Other	633	571
	18,279	15,292
Net deferred tax asset	$ 24,445	$ 23,927

At December 31, 2024 and 2023, the Corporation had no unrecognized tax benefits. The Corporation does not expect the total amount of unrecognized tax benefits to significantly increase in the next twelve months.

At December 31, 2024, the Corporation had state net operating loss carryforwards of $14.8 million related to the acquisition of Bank of Akron, which will expire at various dates from 2034 to 2039. The Corporation's ability to utilize carryforwards is limited to $363 thousand per year. Due to this limitation, management has determined it is more likely than not that approximately $9.5 million of net operating loss carryforwards will expire unutilized.

The Corporation recognizes interest and/or penalties related to income tax matters as part of income tax expense. At December 31, 2024, 2023, and 2022, there were no amounts accrued for interest and/or penalties and no amounts recorded as expense for the years ending December 31, 2024, 2023, and 2022.

The Corporation and its subsidiaries are subject to U.S. federal income tax, as well as filing various state returns. The Corporation is no longer subject to U.S. federal income tax examinations by the taxing authorities for years prior to 2021. Tax years 2021 through 2024 are open to examination.

14. Related Party Transactions

Loans to principal officers, directors, and their affiliates during 2024 were as follows:

Beginning balance	$ 40,129
New loans and advances	5,492
Effect of changes in composition of related parties	2,859
Repayments	(16,791)
Ending balance	$ 31,689

Deposits from principal officers, directors, and their affiliates were $12.1 million and $11.4 million at December 31, 2024 and 2023, respectively.

15. Stock-Based Compensation

The Corporation has a stock incentive plan, which is administered by a committee of the Board of Directors and which permits the Corporation to provide various types of stock-based compensation to its key employees, directors, and/or consultants, including time-based and performance-based shares of restricted stock. The Corporation previously maintained the CNB Financial Corporation 2009 Stock Incentive Plan, which terminated in accordance with its terms on February 10, 2019, and currently maintains the CNB Financial Corporation 2019 Omnibus Incentive Plan (the "2019 Stock Incentive Plan"), which was approved by the Corporation's shareholders and became effective on April 16, 2019. The Corporation does not have a policy or practice on the timing of awards of options in relation to the disclosure of material nonpublic information because the Corporation does not issue nor does it have any outstanding options. The Executive Compensation and Personnel Committee generally grants equity awards annually at a regularly scheduled meeting in connection with its annual compensation review process in the first quarter of the fiscal year. On occasion, the Executive Compensation and Personnel Committee may grant equity awards outside of its annual grant cycle for new hires, promotions, recognition, retention, or other purposes. The Executive Compensation and Personnel Committee does not have a practice or policy of granting equity awards in anticipation of the release of material nonpublic information and, in any event, we do not time the release of material non-public information in coordination with grants of equity awards for the purpose of affecting the value of executive compensation.

The 2019 Stock Incentive Plan provides for up to 507,671 shares of common stock to be awarded in the form of nonqualified options or restricted stock. For key employees, the vesting of time-based restricted stock is one-third, one-fourth, or one-fifth of the granted restricted shares per year, beginning one year after the grant date, with 100% vesting on the third, fourth or fifth anniversary of the grant date, respectively. Prior to 2018, for non-employee directors, the vesting schedule was one-third of the granted restricted shares per year, beginning one year after the grant date, with 100% vested on the third anniversary of the grant date. Beginning in 2018, stock compensation received by non-employee directors vests immediately. All stock-based compensation grants during the years ending December 31, 2024, 2023, and 2022 and outstanding at December 31, 2024, 2023, and 2022 were time-based and performance-based restricted stock.

During the years ended December 31, 2024, 2023, and 2022, the Executive Compensation and Personnel Committee of the Corporation's Board of Directors granted a total of 130,857, 105,185, and 57,823 shares, respectively, of time-based restricted common stock to certain key employees and all independent directors of the Corporation.

Compensation expense for the restricted stock awards is recognized over the requisite service period based on the fair value of the shares at the date of grant on a straight-line basis. Non-vested restricted stock awards are recorded as a reduction of additional paid-in-capital in shareholders' equity until earned. Compensation expense resulting from time-based, performance-based and director restricted stock awards was $2.2 million, $1.7 million, and $1.2 million for the years ended December 31, 2024, 2023, and 2022, respectively. The total income tax benefit related to the recognized compensation cost of vested restricted stock awards was $467 thousand, $354 thousand, and $262 thousand for the years ended December 31, 2024, 2023, and 2022, respectively.

A summary of changes in time-based unvested restricted stock awards follows:

	Shares	Weighted-average Grant Date Fair Value
Non-vested at January 1, 2024	124,934	$ 24.09
Granted	112,828	21.26
Forfeited	(15,044)	22.98
Vested	(44,162)	24.17
Non-vested at December 31, 2024	178,556	$ 22.37

The above table excludes 18,029 shares in restricted stock awards that were granted to the Corporation's Board of Directors at a weighted average fair value of $21.35 and immediately vested. As of December 31, 2024 and 2023, there was $2.7 million and $2.1 million, respectively, of total unrecognized compensation cost related to non-vested shares granted under the 2019 Stock Incentive Plan. The fair value of shares vesting during the year end December 31, 2024, 2023, and 2022 was $1.4 million, $1.0 million, and $1.4 million, respectively. As of December 31, 2024, there were zero outstanding unvested restricted stock awards granted to the Corporation's Board of Directors.

In addition to the time-based restricted stock disclosed above, the Corporation's Board of Directors grants performance-based restricted stock awards ("PBRSAs") to key employees. The number of PBRSAs will depend on certain performance conditions earned over a three year period and are also subject to service-based vesting. Awards with a maximum of 44,988 shares, 35,129 shares, and 13,761 shares in aggregate were granted to key employees in 2024, 2023, and 2022, respectively. As of December 31, 2024, there were a maximum 85,785 shares outstanding related to PBRSAs.

Total compensation expense related to the PBRSAs and included in the above compensation expense total was $431 thousand, $235 thousand and $91 thousand for 2024, 2023, and 2022, respectively. Estimated remaining unearned compensation related to PBRSAs at December 31, 2024 was $562 thousand.

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

The number of authorized stock-based awards still available for grant as of December 31, 2024 was 26,728.

16. Regulatory Capital Matters

Banks and financial holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, for the Bank, prompt corrective action ("PCA") regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can result in regulatory enforcement actions. The net unrealized gain or loss on AFS debt securities is excluded from computing regulatory capital. Management believes as of December 31, 2024 the Corporation and the Bank meet all capital adequacy requirements to which they are subject.

The PCA regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms alone do not represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion; brokered deposits may not be accepted, renewed or rolled over; and capital restoration plans are required. As of December 31, 2024 and 2023, the most recent regulatory notifications categorized the Bank as well capitalized under the PCA. There are no events or conditions since this notification that management believes have changed the Bank's capital category.

Actual and required capital amounts and ratios are presented below as of December 31, 2024 and 2023. The capital adequacy ratio includes the capital conservation buffer.

	Actual		For Capital Adequacy Purposes [1]		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024						
Total Capital to Risk Weighted Assets						
Consolidated	$ 764,161	16.16 %	$ 496,541	10.50 %	N/A	N/A
Bank	639,971	13.59	494,609	10.50	$ 471,057	10.00 %
Tier 1 (Core) Capital to Risk Weighted Assets						
Consolidated	634,131	13.41	401,962	8.50	N/A	N/A
Bank	596,615	12.67	400,398	8.50	376,845	8.00
Common equity Tier 1 to Risk Weighted Assets						
Consolidated	556,346	11.76	331,028	7.00	N/A	N/A
Bank	589,236	12.51	329,740	7.00	306,187	6.50
Tier 1 (Core) Capital to Average Assets						
Consolidated	634,131	10.43	243,290	4.00	N/A	N/A
Bank	596,615	9.84	242,432	4.00	303,040	5.00
December 31, 2023						
Total Capital to Risk Weighted Assets						
Consolidated	$ 725,091	15.99 %	$ 476,235	10.50 %	N/A	N/A
Bank	603,409	13.36	474,339	10.50	$ 451,751	10.00 %
Tier 1 (Core) Capital to Risk Weighted Assets						
Consolidated	598,785	13.20	385,523	8.50	N/A	N/A
Bank	563,412	12.47	383,989	8.50	361,401	8.00
Common equity Tier 1 to Risk Weighted Assets						
Consolidated	521,000	11.49	317,490	7.00	N/A	N/A
Bank	556,033	12.31	316,226	7.00	293,638	6.50
Tier 1 (Core) Capital to Average Assets						
Consolidated	598,785	10.54	227,231	4.00	N/A	N/A
Bank	563,412	9.86	228,573	4.00	285,716	5.00

[1] The minimum amounts and ratios as of December 31, 2024 and 2023 include the full phase in of the capital conservation buffer of 2.5 percent required by the Basel III framework.

Certain restrictions exist regarding the ability of the Bank to transfer funds to the Corporation in the form of cash dividends, loans or advances. During 2024, $704.5 million of accumulated net earnings of the Bank included in consolidated shareholders' equity, plus any 2025 net profits retained to the date of the dividend declared, is available for distribution to the Corporation as dividends without prior regulatory approval, subject to regulatory capital requirements described above.

17. Derivative Instruments

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

As of December 31, 2024 and 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 consolidated balance sheet and statement of income as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022:

	Liability Derivative		
	Balance Sheet Location	Fair value	
		December 31, 2024	December 31, 2023
Interest rate contract	Accrued interest receivable (payable) and other assets (liabilities)	$—	$—

For the Year Ended December 31, 2024	(a)	(b)	(c)	(d)	(e)
Interest rate contract	$—	Interest expense – subordinated debentures	$—	Other income	$—
For the Year Ended December 31, 2023					
Interest rate contract	(119)	Interest expense – subordinated debentures	151	Other income	—
For the Year Ended December 31, 2022					
Interest rate contract	425	Interest expense – subordinated debentures	(127)	Other income	—

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

Derivatives on Behalf of Customers

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

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

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

	Notional Amount	Fair Value			
		Asset		Liability	
December 31, 2024	$ 65,629	$ 423	(a)	$ 423	(b)
December 31, 2023	$ 21,302	$ 1,013	(a)	$ 1,013	(b)

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

Risk Participation Agreements

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

The Corporation entered into Risk Participation Agreement ("RPA") swaps with other financial institutions related to loans in which the Corporation is a participant in. The RPA provides credit protection to the financial institution should the borrower fail to perform on its interest rate derivative contract with the financial institution. The notional amount of this contingent agreement is $21.3 million as of December 31, 2024 and $21.7 million as of December 31, 2023.

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

The fair value of the RPA swaps was $11 thousand and $49 thousand as of December 31, 2024 and December 31, 2023, respectively, and is reported in accrued interest payable and other liabilities within the condensed consolidated balance sheets.

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

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

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

	December 31, 2024		December 31, 2023	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to make loans	$ 130,087	$ 321,677	$ 111,526	$ 370,437
Unused lines of credit	24,037	851,846	11,219	789,534
Standby letters of credit	19,301	2,797	18,649	2,480

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

Allowance for Credit Losses on Unfunded Loan Commitments

The Corporation maintains an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans receivable, modified to take into account the probability of a draw-down on the commitment. The provision for credit losses on unfunded loan commitments is included in the provision for credit losses on the Corporation's consolidated statements of income. The allowance for unfunded commitments is included in other liabilities in the consolidated balance sheets. Note 3, "Loans Receivable and Allowance for Credit Losses," in the consolidated financial statements provides more detail concerning the provision for credit losses related to the loan portfolio of the Corporation.

The following table presents activity in the allowance for credit losses on unfunded loan commitments for the years ended December 31, 2024, 2023, and 2022, respectively:

	Year ended December 31,		
	2024	2023	2022
Beginning balance	$ 759	$ 603	$ —
Provision for credit losses on unfunded loan commitments [1]	185	156	603
Ending balance	$ 944	$ 759	$ 603

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

Investments in Small Business Investment Corporation and Community Development Entities

The Corporation makes investments in limited partnerships, including certain small business investment corporations ("SBICs") and community development entities ("CDEs"). Capital contributions for investments in SBICs and CDEs, reported in FHLB and other restricted stock holdings and investment on the consolidated balance sheet, as of December 31, 2024 and 2023, were $23.5 million and $21.7 million, respectively. Unfunded capital commitments in investments in SBICs and other limited partnerships totaled $8.0 million and $6.8 million as of December 31, 2024 and 2023, respectively. These investments are accounted for under the equity method of accounting.

Investments in Qualified Affordable Housing Project Investments

The carrying value of investments in the low-income housing partnerships, reported in FHLB and other restricted stock holdings and investments on the consolidated balance sheet, as of December 31, 2024 and 2023 were $7.3 million and $3.8 million, respectively. The related amortization for the years ended December 31, 2024 2023, and 2022 were $711 thousand, $747 thousand, and $803 thousand, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the consolidated balance sheet, as of December 31, 2024 and 2023, were $3.7 million and $796 thousand, respectively.

Investments in Federal and State Rehabilitation/Historic Tax Credit

From time to time, the Corporation invests in certain limited partnerships that were formed to provide certain federal and state rehabilitation/historic tax credits. The carrying value of these investments, reported in FHLB and other restricted stock holdings and investments on the consolidated balance sheet, as of December 31, 2024 and 2023 were $4.1 million and zero, respectively. The investments do not have any related amortization for the years ended December 31, 2024, 2023, and 2022, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the consolidated balance sheets, as of December 31, 2024 and December 31, 2023, were $3.2 million and zero, respectively.

Litigation

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

19. Parent Company Only Financial Information

CONDENSED BALANCE SHEETS

	December 31,	
	2024	2023
Assets		
Cash	$ 100,702	$ 100,427
Equity securities	1,525	1,795
Investment in bank subsidiary	585,725	548,493
Investment in non-bank subsidiaries	25,216	23,262
Deferred assets and current receivables	2,021	1,894
Other assets	956	925
Total assets	$ 716,145	$ 676,796
Liabilities		
Subordinated notes and debentures	$ 105,190	$ 104,887
Other liabilities	260	662
Total liabilities	105,450	105,549
Stockholders' equity	610,695	571,247
Total liabilities and stockholders' equity	$ 716,145	$ 676,796

CONDENSED STATEMENTS OF INCOME

	Year Ended December 31,		
Income:	2024	2023	2022
Dividends from:			
Bank subsidiary	$ 22,185	$ 22,295	$ 21,225
Non-bank subsidiaries	1,320	1,325	1,431
Other	201	240	198
Total income	23,706	23,860	22,854
Expenses	(7,035)	(7,084)	(6,112)
Income before income taxes and equity in undistributed net income of subsidiaries:	16,671	16,776	16,742
Change in net unrealized holdings (losses) on equity securities not held for trading	(290)	(722)	(132)
Income tax benefit	1,513	1,606	1,422
Equity in undistributed net income of bank subsidiary	34,755	38,702	43,846
Equity in undistributed (distributions in excess) of net income of non-bank subsidiaries	1,926	1,658	1,310
Net income	54,575	58,020	63,188
Dividends on preferred stock	(4,302)	(4,302)	(4,302)
Net income available to common stockholders	$ 50,273	$ 53,718	$ 58,886
Comprehensive income attributable to the parent	$ 54,575	$ 58,020	$ 63,613

CONDENSED STATEMENTS OF CASH FLOWS	Year Ended December 31,		
	2024	2023	2022
Net income			
Adjustments to reconcile net income to net cash provided by	$ 54,575	$ 58,020	$ 63,188
Operating activities:			
Equity in undistributed net income of bank subsidiary	(34,755)	(38,702)	(43,846)
(Equity in undistributed) distributions in excess of net income of non–bank subsidiaries	(1,926)	(1,658)	(1,310)
Net realized and unrealized (gains) losses on equity securities	(290)	700	132
Increase (decrease) in other assets	174	(230)	609
Increase in other liabilities	2,734	2,064	1,571
Net cash provided by operating activities	20,512	20,194	20,344
Cash flows from investing activities:			
Purchase of equity securities	(20)	(41)	(32)
Sales and maturities of equity securities with readily determinable fair value	—	296	—
Investment in bank subsidiaries	—	(37,000)	—
Net cash used in investing activities	(20)	(36,745)	(32)
Cash flows from financing activities:			
Dividends paid on common stock	(14,912)	(14,694)	(12,557)
Dividends paid on preferred stock	(4,302)	(4,302)	(4,302)
Purchase of treasury stock	(1,003)	(6,858)	(1,707)
Net proceeds from issuance of common stock	—	—	94,051
Net cash provided by financing activities	(20,217)	(25,854)	75,485
Net (decrease) increase in cash	275	(42,405)	95,797
Cash beginning of year	100,427	142,832	47,035
Cash end of year	$ 100,702	$ 100,427	$ 142,832

20. Earnings Per Share

The computation of basic and diluted earnings per common share is shown below. There were no anti-dilutive stock options for the years ended December 31, 2024, 2023, and 2022.

	Years Ended December 31,		
	2024	2023	2022
Basic earnings per common share computation			
Net income per consolidated statements of income	$ 50,273	$ 53,718	$ 58,886
Net earnings allocated to participating securities	(388)	(283)	(229)
Net earnings allocated to common stock	$ 49,885	$ 53,435	$ 58,657
Distributed earnings allocated to common stock	$ 14,785	$ 14,607	$ 12,508
Undistributed earnings allocated to common stock	35,100	38,828	46,149
Net earnings allocated to common stock	$ 49,885	$ 53,435	$ 58,657
Weighted average common shares outstanding, including shares considered participating securities	20,993	21,010	18,057
Less: Average participating securities	(155)	(106)	(70)
Weighted average shares	20,838	20,904	17,987
Basic earnings per common share	$ 2.39	$ 2.56	$ 3.26
Diluted earnings per common share computation			
Net earnings allocated to common stock	$ 49,885	$ 53,435	$ 58,657
Weighted average common shares outstanding for basic earnings per common share	20,838	20,904	17,987
Add: Dilutive effects of performance based-shares	62	40	33
Weighted average shares and dilutive potential common shares	20,900	20,944	18,020
Diluted earnings per common share	$ 2.39	$ 2.55	$ 3.26

21. Other Comprehensive Income

Other comprehensive income components and related tax effects were as follows for the years ended December 31, 2024, 2023, and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
Unrealized holding gains (losses) on available-for-sale securities	$ 2,245	$ 7,785	$ (67,167)
Less reclassification adjustment for gains recognized in earnings	(74)	(52)	(651)
Net unrealized gains (losses)	2,171	7,733	(67,818)
Tax effect	(456)	(1,624)	14,242
Net-of-tax amount	1,715	6,109	(53,576)
Amortization of unrealized gains from held-to-maturity securities	690	748	1,107
Tax effect	(145)	(157)	(232)
Net-of-tax amount	545	591	875
Actuarial gains (losses) on postemployment health care plan	478	(2)	303
Net amortization of transition obligation and actuarial gain	(168)	(174)	(113)
Net unrealized gains (losses) on postemployment health care plan	310	(176)	190
Tax effect	(65)	37	(40)
Net-of-tax amount	245	(139)	150
Unrealized gains on interest rate swap	—	—	411
Less reclassification adjustment for gains (losses) recognized in earnings	—	(151)	127
Net unrealized gains (losses)	—	(151)	538
Tax effect	—	32	(113)
Net-of-tax amount	—	(119)	425
Other comprehensive income (loss)	$ 2,505	$ 6,442	$ (52,126)

The following is a summary of the change in the accumulated other comprehensive income (loss) balance, net of tax, for the years ended December 31, 2024, 2023, and 2022.

	Balance December 31, 2023	Comprehensive Income (Loss)	Balance December 31, 2024
Unrealized gains on securities available-for-sale	$ (48,173)	$ 1,715	$ (46,458)
Amortization of unrealized gains from held-to-maturity securities	1,466	545	2,011
Unrealized gains on postretirement benefits plan	629	245	874
Total	$ (46,078)	$ 2,505	$ (43,573)

	Balance December 31, 2022	Comprehensive Income (Loss)	Balance December 31, 2023
Unrealized gains on securities available-for-sale	$ (54,282)	$ 6,109	$ (48,173)
Amortization of unrealized gains from held-to-maturity securities	875	591	1,466
Unrealized losses on postretirement benefits plan	768	(139)	629
Unrealized losses on interest rate swap	119	(119)	—
Total	$ (52,520)	$ 6,442	$ (46,078)

	Balance January 1, 2022	Comprehensive Income (Loss)	Balance December 31, 2022
Unrealized losses on securities available-for-sale	$ (706)	$ (53,576)	$ (54,282)
Amortization of unrealized gains from held-to-maturity securities	—	875	875
Unrealized gains on postretirement benefits plan	618	150	768
Unrealized gains on interest rate swap	(306)	425	119
Total	$ (394)	$ (52,126)	$ (52,520)

22. Segment Reporting

The Corporation generates revenue through the operation of a full-service bank and manages the business activities on a consolidated basis. The nature of the products and services offered, and the types of customers served are similar across the geographic footprint the Bank operates in. The banking segment derives its revenue primarily through the operations as a full-service bank engaging in a full range of banking activities and services, including trust and wealth management services, for individual, business, governmental, and institutional customers. There are branch offices located in Pennsylvania, Ohio, New York and Virginia. The accounting policies of the banking segment are the same as those described in the summary of significant accounting policies. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

The Corporation's CODM is the Chief Executive Officer, Michael D. Peduzzi. The CODM assesses performance for the banking segment and decides how to allocate resources based on consolidated net income as reported on the income statement. The measure of segment assets is reported on the balance sheet as total consolidated assets. The CODM uses net income to evaluate overall financial performance and profitability, and it is utilized as a key metric in evaluating the achievement of the corporation's strategic plan. Net income is used to monitor budget versus actual results. The comparison of budgeted versus actual net income results are used in assessing the banking segment's performance and in establishing management's compensation.

Information reported internally for performance assessment by the CODM follows, including reconciliation to the financial statements.

	Year ended December 31,		
	2024	2023	2022
Interest and Dividend Income:			
Loans including fees			
Interest and fees on loans	$ 293,544	$ 273,220	$ 194,149
PPP fees	—	3	1,889
Investment Securities	31,926	20,473	17,700
Total interest and dividend income	325,470	293,696	213,738
Interest Expense:			
Deposits	133,493	97,770	19,833
Borrowed funds	4,508	6,097	4,246
Total interest expense	138,001	103,867	24,079
NET INTEREST INCOME	187,469	189,829	189,659
PROVISION FOR CREDIT LOSS EXPENSE	9,222	5,993	8,589
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE	178,247	183,836	181,070
NON-INTEREST INCOME:			
Service charges on deposit accounts	6,990	7,372	7,206
Other service charges and fees	2,973	3,010	3,196
Wealth and asset management fees	7,845	7,251	7,172
Security gains (losses), net	828	(335)	(498)
Mortgage banking	673	676	1,237
Bank owned life insurance	3,110	2,945	3,433
Card processing and interchange income	8,666	8,301	7,797
Other non-interest income	8,029	4,115	5,223
Total non-interest income	39,114	33,335	34,766
NON-INTEREST EXPENSES:			
Salaries	54,089	50,871	44,495
Incentive	2,465	2,847	9,875
Benefits	17,982	17,344	17,090
Net occupancy expense	14,737	14,509	13,298
Technology expense	21,805	20,202	17,041
State and local taxes	4,726	4,126	4,078
Legal, professional and examination fees	4,217	4,414	4,173
Advertising	2,545	3,133	2,887
FDIC insurance	3,718	3,879	2,796
Card processing and interchange expenses	4,575	5,025	4,801
Other non-interest expenses	19,143	18,992	17,088
Total non-interest expenses	150,002	145,342	137,622
INCOME BEFORE INCOME TAXES	67,359	71,829	78,214
INCOME TAX EXPENSE	12,784	13,809	15,026
SEGMENT NET INCOME	$ 54,575	$ 58,020	$ 63,188
Reconciliation of profit or loss			
Adjustments and reconciling items	—	—	—
CONSOLIDATED NET INCOME	$ 54,575	$ 58,020	$ 63,188
Reconciliation of assets			
Adjustments and reconciling items	—	—	
TOTAL CONSOLIDATED ASSETS	$ 6,192,010	$ 5,752,957	

23. Subsequent Events

On January 9, 2025, the Corporation and CNB Bank entered into a definitive merger agreement (the "Merger Agreement") with ESSA Bancorp, Inc. ("ESSA") and its subsidiary bank, ESSA Bank & Trust Company ("ESSA Bank"), pursuant to which the Corporation will acquire ESSA in an all-stock transaction. Subject to the terms and conditions of the Merger Agreement, which has been approved by the boards of directors of each party, ESSA will merge with and into the Corporation, with the Corporation as the surviving entity, and immediately thereafter, ESSA Bank will merge with and into the Bank, with the Bank as the surviving bank (the "Merger"). Under the terms of the Merger Agreement, each outstanding share of ESSA common stock will be converted into the right to receive 0.8547 shares of the Corporation's common stock. The transaction is currently expected to close in the third quarter of 2025, subject to customary closing conditions, including the receipt of regulatory approvals and approvals by the shareholders of ESSA and the Corporation.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

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

Management's Report on Internal Control Over Financial Reporting

The management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Corporation's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the U.S.

The Corporation's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 Internal Control-Integrated Framework. Based on our assessment and those criteria, management concluded that the Corporation maintained effective internal control over financial reporting as of December 31, 2024. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Forvis Mazars, LLP, an independent registered public accounting firm that audited the Corporation's financial statements, as stated in their report which is located in Item 8 of this Annual Report on Form 10-K.

/s/ Michael D. Peduzzi	/s/ Tito L. Lima
President and Chief Executive Officer	Treasurer and Principal Financial Officer
Date: March 6, 2025	Date: March 6, 2025

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2024, no director or officer of the Corporation, nor the Corporation itself, adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated herein by reference from our Registration Statement on Form S-4, as amended, which is deemed to be a definitive proxy statement under Section 14a-6 of the Securities Exchange Act of 1934, filed with the SEC on March 3, 2025 (the "2025 Proxy Statement"), under the captions "CNB Proposal 2 – Election of Directors," "CNB Executive Officers," "CNB Corporate Governance – Meetings and Committees of the CNB Board of Directors – Audit Committee," "Certain Transactions With CNB Related Persons" and "Delinquent Section 16(a) Reports."

The Corporation's Board of Directors has approved a Code of Ethics for Officers and Directors. The Code of Ethics can be found at the Bank's website, www.cnbbank.bank.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item 11 is incorporated herein by reference from the 2025 Proxy Statement, including the information in the 2025 Proxy Statement appearing under the captions "CNB Compensation Discussion and Analysis," "Compensation of CNB Executive Officers," "CNB Compensation Committee Report," and "Compensation of CNB Directors."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item 12 is incorporated herein by reference from the 2025 Proxy Statement, including the information in the 2025 Proxy Statement appearing under the captions "Security Ownership of Certain Beneficial Owners of CNB Common Stock and CNB Management" and "CNB Proposal 3 – The Incentive Plan Proposal – Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item 13 is incorporated herein by reference from the 2025 Proxy Statement, including the information in the 2025 Proxy Statement appearing under the captions "CNB Proposal 2 – Election of Directors," "CNB Corporate Governance," and "Certain Transactions With CNB Related Persons."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item 14 is incorporated herein by reference from the 2025 Proxy Statement, including the information in the 2025 Proxy Statement appearing under the captions "CNB Corporate Governance – Meetings and Committees of the CNB Board of Directors – Audit Committee," "CNB Proposal 5 – The Auditor Ratification Proposal."

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements are set forth in Part II, Item 8:

Report of Independent Registered Public Accounting Firm
Forvis Mazars, LLP, Indianapolis, IN, (U.S. PCAOB Auditor Firm I.D.: 686);
Consolidated Balance Sheets as of December 31, 2024 and 2023
Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2024, 2023, and 2022
Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023, and 2022
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2024, 2023, and 2022
Notes to Consolidated Financial Statements

(a)(2) Financial statement schedules are not applicable or are included in the consolidated financial statements or related notes.

(a)(3) The following exhibits are filed as a part of this report:

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of January 9, 2025, by and among CNB Financial Corporation, CNB Bank, ESSA Bancorp, Inc. and ESSA Bank & Trust (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on January 10, 2025).
3.1	Third Amended and Restated Articles of Incorporation of CNB Financial Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2024)
3.2	Third Amended and Restated Bylaws of CNB Financial Corporation (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on April 18, 2024)
3.3	Statement with Respect to Shares of 7.125% Series A Fixed-Rate Non-Cumulative Perpetual Preferred Stock, effective as of August 25, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.1	Description of Registrant's Securities (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on March 3, 2022)
4.2	Form of Certificate representing the 7.125% Series A Fixed-Rated Non-Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.3	Deposit Agreement, dated August 25, 2020, among CNB Financial Corporation, American Stock Transfer & Trust Company, LLC, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.4	Form of Depositary Receipt representing the Depositary Shares (included as Exhibit A to Exhibit 4.3 of the Registration Statement on Form 8-A filed on August 25, 2020)
4.5	Form of 3.25% Fixed-to-Floating Rate Subordinated Note due 2031 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2021)
10.1(1)	CNB Financial Corporation 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
10.2(1)	Form of CNB Financial Corporation 2019 Omnibus Incentive Plan Restricted Stock Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)

Exhibit No.	Description
10.3(1)	Form of CNB Financial Corporation 2019 Omnibus Incentive Plan Performance Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.4(1)	Letter Agreement, dated April 4, 2022, by and between CNB, CNB Bank and Joseph E. Dell, Jr. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 4, 2022)
10.5(1)	Executive Employment Agreement, dated March 23, 2020, by and between CNB Financial Corporation, CNB Bank and Tito L. Lima (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 24, 2020)
10.6(1)	Executive Employment Agreement, dated August 30, 2021, by and between CNB Financial Corporation, CNB Bank and Martin T. Griffith (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 3, 2021)
10.7(1)	Executive Employment Agreement, dated November 27, 2023, by and between CNB Financial Corporation, CNB Bank and Michael Peduzzi (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 30, 2023)
10.8(1)	Executive Employment Contract, dated October 7, 2015, by and between CNB Bank and Leanne D. Kassab (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.9(1)	Supplemental Executive Retirement Plan for Michael D. Peduzzi, effective as of January 1, 2022 (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.10	Form of Subordinated Note Purchase Agreement, dated June 3, 2021, by and among CNB Financial Corporation and the Purchasers identified therein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2021)
10.11(1)	Defined Contribution Plan for Tito L. Lima, effective as of January 2, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 4, 2022)
10.12(1)	Defined Contribution Plan for Leanne Kassab, effective as of January 1, 2022 (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.13(1)	Executive Deferred Compensation Plan, amended and restated, effective as of January 1, 2005 (incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.14(1)	Executive Deferred Compensation Plan Amendment No. 1, dated as of January 19, 2015 (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
10.15(1)	Amendment No. 1 to Defined Contribution Plan for Tito L. Lima (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.16(1)	Amendment No. 1 to Defined Contribution Plan for Leanne Kassab (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.17(1)	Amendment No. 1 to Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.18(1)	Schedule A to Supplemental Executive Retirement Plan for Michael D. Peduzzi (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)

Exhibit No.	Description
10.19[1]	Schedule A to Supplemental Executive Retirement Plan for Tito L. Lima (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.20[1]	Schedule A to Supplemental Executive Retirement Plan for Leanne Kassab (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.21[1]	Schedule A to Supplemental Executive Retirement Plan for Martin Griffith (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed on October 2, 2023)
10.22[1]	Executive Employment Contract, dated September 3, 2020, by and between CNB Bank and Gregory M. Dixon
10.23[1]	Executive Employment Contract, dated May 18, 2021, by and between CNB Bank and Angela D. Wilcoxson
10.24[1]	Defined Contribution Plan for Gregory Dixon , effective as of January 2, 2022
19	Insider Trading and Reporting Compliance Policy
21	List of subsidiaries of CNB Financial Corporation (incorporated by reference to Exhibit 21 to the Registrant's Annual Report on Form 10-K filed on March 3, 2023)
23.1	Consent of FORVIS, LLP
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K filed on March 7, 2024)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Presentation Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

[1] Indicates a management contract or compensatory plan.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CNB FINANCIAL CORPORATION
(Registrant)

Date: March 6, 2025

By: /s/ Michael D. Peduzzi
MICHAEL D. PEDUZZI
President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 6, 2025.

/s/ Michael D. Peduzzi
MICHAEL D. PEDUZZI
President and Director
(Principal Executive Officer)

/s/ Jeffrey S. Powell
JEFFREY S. POWELL, Chairperson

/s/ Tito L. Lima
TITO L. LIMA
Treasurer
(Principal Financial and Accounting Officer)

/s/ Richard B. Seager
RICHARD B. SEAGER, Director

/s/ N. Michael Obi
N. MICHAEL OBI, Director

/s/ Francis X. Straub, III
FRANCIS X. STRAUB, III, Director

/s/ Joel E. Peterson
JOEL E. PETERSON, Director

/s/ Peter C. Varischetti
PETER C. VARISCHETTI, Director

/s/ Deborah Dick Pontzer
DEBORAH DICK PONTZER, Director

/s/ Julie M. Young
JULIE M. YOUNG, Director

/s/ Nicholas N. Scott
NICHOLAS N. SCOTT, Director