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

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

**For the quarterly period ended March 31, 2025**
**or**

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

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

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

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

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

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

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares outstanding of the issuer's common stock as of May 6, 2025:

COMMON STOCK, NO PAR VALUE PER SHARE: 20,979,344 SHARES

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**PART I.**
**FINANCIAL INFORMATION**


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

Factors that could cause the actual results to differ materially from the statements, include, but are not limited to, (i) adverse changes or conditions in capital and financial markets, including actual or potential stresses in the banking industry; (ii) changes in 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) adverse economic effects from international trade disputes, including threatened or implemented tariffs imposed by the U.S. and threatened or implemented tariffs imposed by foreign countries in retaliation, or similar events impacting economic activity; (viii) governmental approvals of the Corporation's pending merger with ESSA Bancorp, Inc. ("ESSA") may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger; (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. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements included in this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise, except to the extent required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur and you should not put undue reliance on any forward-looking statements.

Part I Financial Information

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS
Dollars in thousands, except share data

| | (unaudited) March 31, 2025 | December 31, 2024 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents due from banks | $ 68,745 | $ 63,771 |
| Interest-bearing deposits with Federal Reserve | 447,053 | 375,009 |
| Interest-bearing deposits with other financial institutions | 4,359 | 4,255 |
| Total cash and cash equivalents | 520,157 | 443,035 |
| Debt securities available-for-sale, at fair value (amortized cost of $559,354 and $520,223, respectively) | 516,442 | 468,546 |
| Debt securities held-to-maturity, at amortized cost (fair value of $263,394 and $282,970, respectively) | 282,159 | 306,081 |
| Equity securities | 10,293 | 10,456 |
| Loans held for sale | 860 | 762 |
| Loans receivable | | |
| Syndicated loans | 69,189 | 79,882 |
| Loans | 4,540,820 | 4,529,074 |
| Total loans receivable | 4,610,009 | 4,608,956 |
| Less: allowance for credit losses | (47,357) | (47,357) |
| Net loans receivable | 4,562,652 | 4,561,599 |
| FHLB and other restricted stock holdings and investments | 41,844 | 40,702 |
| Premises and equipment, net | 76,323 | 76,011 |
| Operating & finance lease right-of-use assets | 52,213 | 52,715 |
| Bank owned life insurance | 118,338 | 117,579 |
| Mortgage servicing rights | 1,147 | 1,251 |
| Goodwill and other intangibles | 43,874 | 43,874 |
| Core deposit intangible, net | 190 | 206 |
| Accrued interest receivable and other assets | 69,016 | 69,193 |
| Total Assets | $ 6,295,508 | $ 6,192,010 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Noninterest-bearing demand deposits | $ 842,398 | $ 819,680 |
| Interest-bearing demand deposits | 719,460 | 706,796 |
| Savings | 3,160,618 | 3,122,028 |
| Certificates of deposit | 737,602 | 722,860 |
| Total deposits | 5,460,078 | 5,371,364 |
| Subordinated debentures | 20,620 | 20,620 |
| Subordinated notes, net of unamortized issuance costs | 84,646 | 84,570 |
| Operating lease liabilities | 40,030 | 40,315 |
| Accrued interest payable and other liabilities | 65,626 | 64,446 |
| Total liabilities | 5,671,000 | 5,581,315 |
| Commitments and contingent liabilities | | |
| Preferred stock, Series A non-cumulative perpetual, $0 par value; $1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at March 31, 2025 and December 31, 2024 | 57,785 | 57,785 |
| Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,235,503 at March 31, 2025 and 21,235,503 at December 31, 2024 | — | — |
| Additional paid in capital | 220,254 | 219,876 |
| Retained earnings | 387,925 | 381,296 |
| Treasury stock, at cost (255,258 shares at March 31, 2025 and 247,511 shares December 31, 2024) | (4,944) | (4,689) |
| Accumulated other comprehensive loss | (36,512) | (43,573) |
| Total shareholders' equity | 624,508 | 610,695 |
| Total Liabilities and Shareholders' Equity | $ 6,295,508 | $ 6,192,010 |

See Notes to Condensed Consolidated Financial Statements

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| INTEREST AND DIVIDEND INCOME: | | |
| Loans receivable including fees | | |
| Interest and fees on loans receivable | $ 72,379 | $ 71,513 |
| Securities: | | |
| Taxable | 9,745 | 6,136 |
| Tax-exempt | 156 | 167 |
| Dividends | 99 | 89 |
| Total interest and dividend income | 82,379 | 77,905 |
| INTEREST EXPENSE: | | |
| Deposits | 32,634 | 31,548 |
| Borrowed funds and finance lease liabilities | 236 | 3 |
| Subordinated notes and debentures | 1,078 | 1,132 |
| Total interest expense | 33,948 | 32,683 |
| NET INTEREST INCOME | 48,431 | 45,222 |
| PROVISION FOR CREDIT LOSS EXPENSE | 1,556 | 1,320 |
| NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE | 46,875 | 43,902 |
| NON-INTEREST INCOME: | | |
| Service charges on deposit accounts | 1,714 | 1,694 |
| Other service charges and fees | 510 | 695 |
| Wealth and asset management fees | 1,796 | 1,802 |
| Net realized and unrealized gains (losses) on equity securities | (249) | 191 |
| Mortgage banking | 96 | 196 |
| Bank owned life insurance | 760 | 767 |
| Card processing and interchange income | 2,107 | 2,016 |
| Other non-interest income | 1,773 | 1,594 |
| Total non-interest income | 8,507 | 8,955 |
| NON-INTEREST EXPENSES: | | |
| Compensation and benefits | 20,564 | 18,787 |
| Net occupancy expense | 4,038 | 3,640 |
| Technology expense | 5,378 | 5,072 |
| State and local taxes | 1,292 | 1,143 |
| Legal, professional, and examination fees | 849 | 1,172 |
| Advertising | 514 | 685 |
| FDIC insurance premiums | 985 | 990 |
| Card processing and interchange expenses | 1,160 | 1,179 |
| Merger costs | 1,529 | — |
| Other non-interest expenses | 4,729 | 4,756 |
| Total non-interest expenses | 41,038 | 37,424 |
| INCOME BEFORE INCOME TAXES | 14,344 | 15,433 |
| INCOME TAX EXPENSE | 2,863 | 2,833 |
| NET INCOME | 11,481 | 12,600 |
| PREFERRED STOCK DIVIDENDS | 1,075 | 1,075 |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | $ 10,406 | $ 11,525 |
| AVERAGE COMMON SHARES OUTSTANDING: | | |
| Basic | 20,866,970 | 20,823,766 |
| Diluted | 20,925,388 | 20,887,088 |
| PER COMMON SHARE DATA: | | |
| Basic Earnings Per Common Share | $ 0.50 | $ 0.55 |
| Diluted Earnings Per Common Share | $ 0.50 | $ 0.55 |
| Cash Dividends Declared | $ 0.180 | $ 0.175 |

See Notes to Condensed Consolidated Financial Statements

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| NET INCOME | $ 11,481 | $ 12,600 |
| Other comprehensive income (loss), net of tax: | | |
| Net change in debt securities: | | |
| Unrealized holding gains (losses) on available-for-sale securities arising during the period, net of tax of $(1,841) and $332, respectively | 6,924 | (1,249) |
| Amortization of unrealized losses from held-to-maturity securities, net of tax of $(37) and $(33), respectively | 137 | 124 |
| | 7,061 | (1,125) |
| Other comprehensive income (loss) | 7,061 | (1,125) |
| COMPREHENSIVE INCOME | $ 18,542 | $ 11,475 |

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
Dollars in thousands, except share and per share data

| | Preferred Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Total Share-holders' Equity |
|---|---|---|---|---|---|---|
| Balance, January 1, 2025 | $ 57,785 | $ 219,876 | $ 381,296 | $ (4,689) | $ (43,573) | $ 610,695 |
| Net income | | | 11,481 | | | 11,481 |
| Other comprehensive income | | | | | 7,061 | 7,061 |
| Forfeiture of restricted stock award grants (3,558 shares) | | 90 | | (90) | | — |
| Performance based restricted stock award grants (8,916 shares) | | (167) | | 167 | | — |
| Stock-based compensation expense | | 455 | | | | 455 |
| Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (11,145 shares) | | | | (282) | | (282) |
| Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (1,960 shares) | | | | (50) | | (50) |
| Preferred cash dividend declared | | | (1,075) | | | (1,075) |
| Cash dividends declared ($0.180 per common share) | | | (3,777) | | | (3,777) |
| Balance, March 31, 2025 | $ 57,785 | $ 220,254 | $ 387,925 | $ (4,944) | $ (36,512) | $ 624,508 |
| | | | | | | |
| Balance, January 1, 2024 | $ 57,785 | $ 220,495 | $ 345,935 | $ (6,890) | $ (46,078) | $ 571,247 |
| Net income | | | 12,600 | | | 12,600 |
| Other comprehensive loss | | | | | (1,125) | (1,125) |
| Forfeiture of restricted stock award grants (2,443 shares) | | 50 | | (50) | | — |
| Restricted stock award grants (130,857 shares) | | (3,025) | | 3,025 | | — |
| Performance based restricted stock award grants (9,667 shares) | | (179) | | 179 | | — |
| Stock-based compensation expense | | 883 | | | | 883 |
| Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,307 shares) | | | | (156) | | (156) |
| Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (2,518 shares) | | | | (54) | | (54) |
| Preferred cash dividend declared | | | (1,075) | | | (1,075) |
| Cash dividends declared ($0.175 per common share) | | | (3,680) | | | (3,680) |
| Balance, March 31, 2024 | $ 57,785 | $ 218,224 | $ 353,780 | $ (3,946) | $ (47,203) | $ 578,640 |

See Notes to Condensed Consolidated Financial Statements

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 11,481 | $ 12,600 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Provision for credit loss expense | 1,556 | 1,320 |
| Depreciation and amortization of premises and equipment, operating leases assets, core deposit intangible, and mortgage servicing rights | 2,059 | 1,898 |
| Accretion of securities, deferred loan fees and costs, net yield and credit mark on acquired loans, and unearned income | (1,605) | (1,395) |
| Net amortization of deferred costs on borrowings | 76 | 76 |
| Net realized and unrealized (gains) losses on equity securities | 249 | (191) |
| Gain on sale of loans held for sale | (34) | (153) |
| Net (gains) losses on dispositions of premises and equipment and foreclosed assets | (13) | 45 |
| Proceeds from sale of loans receivable | 2,750 | 5,024 |
| Origination of loans held for sale | (2,848) | (5,491) |
| Income on bank owned life insurance | (760) | (767) |
| Restricted stock compensation expense | 455 | 883 |
| Change in: | | |
| Accrued interest receivable and other assets | (667) | (3,453) |
| Accrued interest payable, lease liabilities, and other liabilities | (1,100) | 2,064 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 11,599 | 12,460 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from maturities, prepayments and calls of available-for-sale securities | 19,608 | 9,227 |
| Purchase of available-for-sale securities | (58,805) | (17,516) |
| Proceeds from maturities, prepayments and calls of held-to-maturity securities | 24,167 | 7,495 |
| Purchase of equity securities | (86) | (89) |
| Proceeds from sales of loans classified as portfolio loans | — | 438 |
| Net increase (decrease) in loans receivable | (1,258) | 36,878 |
| Purchase of FHLB, other equity, and restricted equity interests | (1,142) | (1,006) |
| Purchase of premises and equipment | (1,721) | (2,437) |
| Proceeds from the sale of premises and equipment and foreclosed assets | 1,230 | 119 |
| NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES | (18,007) | 33,109 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net increase in checking, money market and savings accounts | 73,972 | 12,526 |
| Net increase in certificates of deposit | 14,742 | 26,277 |
| Purchase of treasury stock | (332) | (210) |
| Cash dividends paid, common stock | (3,777) | (3,680) |
| Cash dividends paid, preferred stock | (1,075) | (1,075) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 83,530 | 33,838 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 77,122 | 79,407 |
| CASH AND CASH EQUIVALENTS, Beginning | 443,035 | 222,046 |
| CASH AND CASH EQUIVALENTS, Ending | $ 520,157 | $ 301,453 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest | $ 33,782 | $ 30,919 |
| Income taxes | 389 | 493 |
| SUPPLEMENTAL NONCASH DISCLOSURES: | | |
| Transfers to other real estate owned | $ 366 | $ 88 |
| Transfers from loans held for sale to loans held for investment | — | 691 |
| Transfers from loans held for investment to loans held for sale | — | 438 |
| Grant of restricted stock awards from treasury stock | — | 3,025 |
| Grant of performance based restricted stock awards from treasury stock | 167 | 179 |
| Restricted stock forfeiture | 90 | 50 |
| Lease liabilities arising from obtaining right-of-use assets | — | 442 |

See Notes to Condensed Consolidated Financial Statements

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE RULES

Nature of Operations

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

Basis of Presentation

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

In the opinion of management of the registrant, the accompanying condensed consolidated financial statements as of March 31, 2025 and for the three months ended March 31, 2025 and 2024 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial condition and the results of operations for the periods presented. The financial performance reported for the Corporation for the three months ended March 31, 2025 is not necessarily indicative of the results to be expected for the full year.

This information should be read in conjunction with the Corporation's Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K"). Certain amounts appearing in the condensed consolidated financial statements and notes thereto for prior periods may be reclassified to conform with the current presentation. If there are reclassifications, the reclassifications had no effect on net income or shareholders' equity as previously reported. Dollar amounts in tables are stated in thousands, except for per share amounts.

Use of Estimates

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

Goodwill Assessment

The Corporation's policy is to test goodwill for impairment annually on November 30 or on an interim basis if an event triggering impairment may have occurred. Management evaluated current conditions and concluded there have been no significant changes in the economic environment or future projections since the annual goodwill impairment test performed as of November 30, 2024 and therefore, believes that there is no impairment as of March 31, 2025. Management will continue to evaluate the economic conditions at future reporting periods for applicable changes.

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in 2024

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

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

In March 2023, FASB issued ASU 2023-02, "Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." In this ASU, these amendments allow the Corporation to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This guidance is effective for the Corporation on January 1, 2024. These updates did not have a material impact on the Corporation's condensed consolidated financial statements and related disclosures.

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 became effective for the Corporation on December 15, 2024. Adoption of the ASU is to 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.

Accounting Standards Adopted in 2025

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 is to be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. The update did not have a material impact on the Corporation's 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 is to 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. The update did not have a material impact on the Corporation's 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 is to 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. The update did not have a material impact on the Corporation's consolidated financial statements and related disclosures.

In March 2025, the FASB issued ASU 2025-02, "Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122." This ASU amends an SEC paragraph noted in the Codification pursuant to the issuance of SEC Staff Accounting Bulletin No. 122 which removes the text of SAB Topic 5.FF, Accounting for Obligations To Safeguard Crypto-Assets an Entity Holds for Its Platform Users. The amendments in ASU 2025-02 are effective immediately upon issuance. The update did not have a material impact on the Corporation's consolidated financial statements and related disclosures.

Accounting Pronouncements Pending Adoption

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 condensed 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, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity: (1) disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities ("DD&A") (or other amounts of depletion expense) included in each relevant expense caption. A "relevant expense caption" is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e), (2) include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements, (3) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and (4) disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. An entity is not precluded from providing additional voluntary disclosures that may provide investors with additional decision-useful information. 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 is to 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 condensed 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 2024-03 will have on its consolidated financial statements and related disclosures.

## 3. SECURITIES

Debt securities available-for-sale ("AFS") at March 31, 2025 and December 31, 2024 were as follows:

| | March 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Allowance For Credit Losses | Fair Value |
| U.S. Government sponsored entities | $ 9,652 | $ — | $ (1) | $ — | $ 9,651 |
| State & political subdivisions | 103,898 | 26 | (11,639) | — | 92,285 |
| Residential & multi-family mortgage | 398,702 | 1,538 | (29,364) | — | 370,876 |
| Corporate notes & bonds | 38,029 | 44 | (2,949) | — | 35,124 |
| Pooled SBA | 9,073 | 1 | (568) | — | 8,506 |
| Total | $ 559,354 | $ 1,609 | $ (44,521) | $ — | $ 516,442 |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Allowance For Credit Losses | Fair Value |
| U.S. Government 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 |

Debt securities held-to-maturity ("HTM") at March 31, 2025 and December 31, 2024 were as follows:

| | March 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Allowance For Credit Losses | Fair Value |
| U.S. Government sponsored entities | $ 210,864 | $ — | $ (10,474) | $ — | $ 200,390 |
| Residential & multi-family mortgage | 71,295 | — | (8,291) | — | 63,004 |
| Total | $ 282,159 | $ — | $ (18,765) | $ — | $ 263,394 |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Allowance For Credit Losses | Fair Value |
| U.S. Government 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 |

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

| | Proceeds | Gross Gains | Gross Losses |
|---|---|---|---|
| Three months ended March 31, 2025 | $ — | $ — | $ — |
| Three months ended March 31, 2024 | — | — | — |

The tax provision related to these net realized gains (losses) was zero for both the three months ended March 31, 2025 and March 31, 2024, respectively.

The table below illustrates the maturity distribution of debt securities at amortized cost and fair value as of March 31, 2025:

| | Available-for-sale | | Held-to-maturity | |
|---|---|---|---|---|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| 1 year or less | $ 18,826 | $ 18,773 | $ 48,437 | $ 47,755 |
| 1 year – 5 years | 52,326 | 49,175 | 143,686 | 136,330 |
| 5 years – 10 years | 60,067 | 53,840 | 18,741 | 16,305 |
| After 10 years | 20,360 | 15,272 | — | — |
| | 151,579 | 137,060 | 210,864 | 200,390 |
| Residential & multi-family mortgage | 398,702 | 370,876 | 71,295 | 63,004 |
| Pooled SBA | 9,073 | 8,506 | — | — |
| Total debt securities | $ 559,354 | $ 516,442 | $ 282,159 | $ 263,394 |

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

On March 31, 2025 and December 31, 2024, securities carried at $471.9 million and $443.9 million, respectively, were pledged to secure public deposits and for other purposes as provided by law.

At March 31, 2025 and December 31, 2024, there were no holdings of securities of any one issuer, other than the U.S. Government sponsored entities, in an amount greater than 10% of shareholders' equity. The Corporation's residential and multi-family mortgage securities are issued by government sponsored entities.

AFS debt securities with unrealized losses at March 31, 2025 and December 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

**March 31, 2025**

| | 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. Government sponsored entities | $ 3,768 | $ (1) | $ — | $ — | $ 3,768 | $ (1) |
| State & political subdivisions | 5,528 | (41) | 80,792 | (11,598) | 86,320 | (11,639) |
| Residential & multi-family mortgage | 15,395 | (137) | 161,119 | (29,227) | 176,514 | (29,364) |
| Corporate notes and bonds | — | — | 30,642 | (2,949) | 30,642 | (2,949) |
| Pooled SBA | 75 | — | 8,062 | (568) | 8,137 | (568) |
| | $ 24,766 | $ (179) | $ 280,615 | $ (44,342) | $ 305,381 | $ (44,521) |

**December 31, 2024**

| | Less than 12 Months | | 12 Months or More | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| U.S. Government 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 and bonds | 987 | (13) | 34,224 | (3,799) | 35,211 | (3,812) |
| Pooled SBA | 410 | (2) | 8,250 | (736) | 8,660 | (738) |
| | $ 126,222 | $ (916) | $ 285,562 | $ (50,849) | $ 411,784 | $ (51,765) |

HTM debt securities with unrealized losses at March 31, 2025 and December 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

**March 31, 2025**

| | 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. Government sponsored entities | $ — | $ — | $ 200,390 | $ (10,474) | $ 200,390 | $ (10,474) |
| Residential & multi-family mortgage | — | — | 63,004 | (8,291) | 63,004 | (8,291) |
| | $ — | $ — | $ 263,394 | $ (18,765) | $ 263,394 | $ (18,765) |

**December 31, 2024**

| | Less than 12 Months | | 12 Months or More | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| U.S. Government sponsored entities | $ — | $ — | $ 216,150 | $ (13,354) | $ 216,150 | $ (13,354) |
| Residential & multi-family mortgage | — | — | 66,820 | (9,757) | 66,820 | (9,757) |
| | $ — | $ — | $ 282,970 | $ (23,111) | $ 282,970 | $ (23,111) |

At March 31, 2025 and December 31, 2024, management performed an assessment for possible impairment related to credit losses of the Corporation's debt securities, relying on information obtained from various sources, including publicly available financial data, ratings by external agencies, brokers and other sources. Based on the results of the assessment, management believes there is no credit related impairment of these debt securities at March 31, 2025 and December 31, 2024.

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 the issuer's 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 March 31, 2025.

As of March 31, 2025 and December 31, 2024, management concluded the debt securities described in the previous paragraphs 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.

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

Equity securities at March 31, 2025 and December 31, 2024 were as follows:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Corporate equity securities | $ 6,175 | $ 6,542 |
| Mutual funds | 1,935 | 1,936 |
| Money market funds | 477 | 287 |
| Corporate notes | 1,706 | 1,691 |
| Total | $ 10,293 | $ 10,456 |

## 4. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Total net loans receivable at March 31, 2025 and December 31, 2024 are summarized as follows:

| | March 31, 2025 | Percentage of Total | December 31, 2024 | Percentage of Total |
|---|---|---|---|---|
| Farmland | $ 29,398 | 0.64 % | $ 31,099 | 0.67 % |
| Owner-occupied, nonfarm nonresidential properties | 520,498 | 11.29 | 515,208 | 11.18 |
| Agricultural production and other loans to farmers | 6,405 | 0.14 | 6,492 | 0.14 |
| Commercial and Industrial | 708,690 | 15.37 | 718,775 | 15.60 |
| Obligations (other than securities and leases) of states and political subdivisions | 137,149 | 2.97 | 140,430 | 3.05 |
| Other loans | 27,457 | 0.59 | 28,110 | 0.61 |
| Other construction loans and all land development and other land loans | 286,564 | 6.22 | 282,912 | 6.14 |
| Multifamily (5 or more) residential properties | 426,002 | 9.24 | 411,146 | 8.92 |
| Non-owner occupied, nonfarm nonresidential properties | 1,041,450 | 22.59 | 1,033,541 | 22.42 |
| 1-4 Family Construction | 16,470 | 0.36 | 26,431 | 0.57 |
| Home equity lines of credit | 179,129 | 3.89 | 166,327 | 3.61 |
| Residential Mortgages secured by first liens | 1,002,969 | 21.76 | 1,012,746 | 21.97 |
| Residential Mortgages secured by junior liens | 106,986 | 2.32 | 106,462 | 2.31 |
| Other revolving credit plans | 35,360 | 0.77 | 41,095 | 0.89 |
| Automobile | 19,739 | 0.43 | 20,961 | 0.45 |
| Other consumer | 51,574 | 1.12 | 53,821 | 1.17 |
| Credit cards | 13,978 | 0.30 | 13,143 | 0.29 |
| Overdrafts | 191 | — | 257 | 0.01 |
| Total loans receivable | $ 4,610,009 | 100.00 % | $ 4,608,956 | 100.00 % |
| Less: Allowance for credit losses | (47,357) | | (47,357) | |
| Loans receivable, net | $ 4,562,652 | | $ 4,561,599 | |
| | | | | |
| Net deferred loan origination fees included in the above table | $ 138 | | $ 49 | |

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 $69.2 million and $79.9 million as of March 31, 2025 and December 31, 2024, respectively.

Transactions in the allowance for credit losses for the three months ended March 31, 2025 were as follows:

| | Beginning Allowance | (Charge-offs) | Recoveries | Provision (Benefit) for Credit Losses on Loans Receivable[1] | Ending Allowance |
|---|---|---|---|---|---|
| Farmland | $ 167 | $ — | $ — | $ (6) | $ 161 |
| Owner-occupied, nonfarmnonresidential properties | 5,696 | (23) | 14 | 140 | 5,827 |
| Agricultural production and other loans to farmers | 37 | — | — | 2 | 39 |
| Commercial and Industrial | 7,759 | (650) | — | 101 | 7,210 |
| Obligations (other than securities and leases) of states and political subdivisions | 1,369 | — | — | 2 | 1,371 |
| Other loans | 329 | — | — | (3) | 326 |
| Other construction loans and all land development and other land loans | 2,571 | — | — | (2) | 2,569 |
| Multifamily (5 or more) residential properties | 2,969 | — | — | 123 | 3,092 |
| Non-owner occupied, nonfarmnonresidential properties | 10,110 | — | — | 62 | 10,172 |
| 1-4 Family Construction | 198 | — | — | (76) | 122 |
| Home equity lines of credit | 1,340 | — | — | 224 | 1,564 |
| Residential Mortgages secured by first liens | 8,958 | (34) | — | 175 | 9,099 |
| Residential Mortgages secured by junior liens | 1,343 | — | — | 108 | 1,451 |
| Other revolving credit plans | 960 | (3) | 1 | (103) | 855 |
| Automobile | 275 | — | — | (13) | 262 |
| Other consumer | 2,892 | (567) | 12 | 584 | 2,921 |
| Credit cards | 127 | (122) | 4 | 116 | 125 |
| Overdrafts | 257 | (98) | 27 | 5 | 191 |
| Total loans | $ 47,357 | $ (1,497) | $ 58 | $ 1,439 | $ 47,357 |

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

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

| | Beginning Allowance | (Charge-offs) | Recoveries | Provision (Benefit) for Credit Losses on Loans Receivable[1] | Ending Allowance |
|---|---|---|---|---|---|
| Farmland | $ 126 | $ — | $ — | $ 9 | $ 135 |
| Owner-occupied, nonfarmnonresidential properties | 3,949 | (596) | 9 | 1,111 | 4,473 |
| Agricultural production and other loans to farmers | 7 | — | — | 1 | 8 |
| Commercial and Industrial | 9,433 | (71) | 29 | (418) | 8,973 |
| Obligations (other than securities and leases) of states and political subdivisions | 2,613 | — | — | (76) | 2,537 |
| Other loans | 387 | — | — | (9) | 378 |
| Other construction loans and all land development and other land loans | 4,033 | — | — | 222 | 4,255 |
| Multifamily (5 or more) residential properties | 1,030 | — | — | 37 | 1,067 |
| Non-owner occupied, nonfarmnonresidential properties | 9,170 | — | — | (385) | 8,785 |
| 1-4 Family Construction | 356 | — | — | (53) | 303 |
| Home equity lines of credit | 831 | — | 1 | 65 | 897 |
| Residential Mortgages secured by first liens | 8,050 | (64) | — | 382 | 8,368 |
| Residential Mortgages secured by junior liens | 1,476 | — | — | (45) | 1,431 |
| Other revolving credit plans | 973 | (15) | 3 | (107) | 854 |
| Automobile | 358 | (10) | 3 | (47) | 304 |
| Other consumer | 2,653 | (517) | 27 | 548 | 2,711 |
| Credit cards | 95 | (29) | 5 | 27 | 98 |
| Overdrafts | 292 | (144) | 25 | 82 | 255 |
| Total loans | $ 45,832 | $ (1,446) | $ 102 | $ 1,344 | $ 45,832 |

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

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

For the three months ended March 31, 2025, the allowance for credit losses remained unchanged, reflecting stable credit quality in the loan portfolio. Significant uncertainty persists regarding the domestic and global economy due to changes to U.S. tariffs and corresponding policy changes by U.S. trading partners, continued 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 $1.6 million for the three months ended March 31, 2025, compared to $1.3 million for the three months ended March 31, 2024. Included in the provision for credit losses for the three months ended March 31, 2025 was a provision of $117 thousand related to the allowance for unfunded commitments compared to $24 thousand benefit related to the allowance for unfunded commitments for the three months ended March 31, 2024.

The following tables present the amortized cost basis of loans receivable on nonaccrual status and loans receivable past due over 89 days still accruing as of March 31, 2025 and December 31, 2024, respectively:

| | March 31, 2025 | | |
|---|---|---|---|
| | Nonaccrual | Nonaccrual With No Allowance for Credit Loss | Loans Receivable Past Due over 89 Days Still Accruing |
| Farmland | $ 518 | $ 518 | $ — |
| Owner-occupied, nonfarm nonresidential properties | 5,508 | 1,004 | 131 |
| Commercial and Industrial | 9,776 | 9,613 | — |
| Other construction loans and all land development and other land loans | 1,458 | 34 | — |
| Multifamily (5 or more) residential properties | 20,532 | 215 | — |
| Non-owner occupied, nonfarm nonresidential properties | 5,688 | 5,688 | 5 |
| Home equity lines of credit | 768 | 768 | — |
| Residential Mortgages secured by first liens | 8,634 | 7,865 | — |
| Residential Mortgages secured by junior liens | 298 | 298 | — |
| Other revolving credit plans | 176 | 176 | — |
| Automobile | 60 | 60 | — |
| Other consumer | 663 | 663 | — |
| Credit cards | — | — | 172 |
| Total | $ 54,079 | $ 26,902 | $ 308 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Nonaccrual | Nonaccrual With No Allowance for Credit Loss | Loans Receivable 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 | $ 56,323 | $ 28,628 | $ 653 |

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

The following table presents the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of March 31, 2025:

| | Real Estate Collateral | Non-Real Estate Collateral |
|---|---|---|
| Farmland | $ 352 | $ — |
| Owner-occupied, nonfarm nonresidential properties | 4,504 | — |
| Commercial and Industrial | 258 | 2,070 |
| Other construction loans and all land development and other land loans | 1,424 | — |
| Multifamily (5 or more) residential properties | 20,532 | — |
| Non-owner occupied, nonfarm nonresidential properties | 5,225 | — |
| Home equity lines of credit | 290 | — |
| Residential Mortgages secured by first liens | 1,370 | — |
| Total | $ 33,955 | $ 2,070 |

The following table presents the amortized cost basis of loans receivable that are individually evaluated and collateral-dependent by class of loans as of December 31, 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 | $ 34,142 | $ 2,553 |

The following table presents the aging of the amortized cost basis in past-due loans receivable as of March 31, 2025 by class of loans:

| | 30 - 59 Days Past Due | 60 - 89 Days Past Due | Greater Than 89 Days Past Due | Total Past Due | Loans Receivable Not Past Due | Total |
|---|---|---|---|---|---|---|
| Farmland | $ — | $ — | $ — | $ — | $ 29,398 | $ 29,398 |
| Owner-occupied, nonfarm nonresidential properties | 733 | 371 | 4,886 | 5,990 | 514,508 | 520,498 |
| Agricultural production and other loans to farmers | — | — | — | — | 6,405 | 6,405 |
| Commercial and Industrial | 573 | 501 | 6,074 | 7,148 | 701,542 | 708,690 |
| Obligations (other than securities and leases) of states and political subdivisions | — | — | — | — | 137,149 | 137,149 |
| Other loans | — | — | — | — | 27,457 | 27,457 |
| Other construction loans and all land development and other land loans | 2,911 | — | 1,424 | 4,335 | 282,229 | 286,564 |
| Multifamily (5 or more) residential properties | — | — | 20,532 | 20,532 | 405,470 | 426,002 |
| Non-owner occupied, nonfarm nonresidential properties | 211 | — | 5 | 216 | 1,041,234 | 1,041,450 |
| 1-4 Family Construction | — | — | — | — | 16,470 | 16,470 |
| Home equity lines of credit | 67 | — | 507 | 574 | 178,555 | 179,129 |
| Residential Mortgages secured by first liens | 4,325 | 1,017 | 5,027 | 10,369 | 992,600 | 1,002,969 |
| Residential Mortgages secured by junior liens | 134 | 35 | 53 | 222 | 106,764 | 106,986 |
| Other revolving credit plans | — | 4 | 129 | 133 | 35,227 | 35,360 |
| Automobile | 129 | 6 | — | 135 | 19,604 | 19,739 |
| Other consumer | 328 | 339 | 409 | 1,076 | 50,498 | 51,574 |
| Credit cards | 165 | 60 | 172 | 397 | 13,581 | 13,978 |
| Overdrafts | — | — | — | — | 191 | 191 |
| Total | $ 9,576 | $ 2,333 | $ 39,218 | $ 51,127 | $ 4,558,882 | $ 4,610,009 |

The following table presents the aging of the amortized cost basis in past-due loans receivable 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 Receivable 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 | $ 6,319 | $ 24,781 | $ 20,703 | $ 51,803 | $ 4,557,153 | $ 4,608,956 |

Loan Modifications

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 March 31, 2025 that were both experiencing financial difficulty and modified during the three months ended March 31, 2025, 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 |
|---|---|---|---|---|---|---|
| Commercial and Industrial | $ — | $ 6,961 | $ 166 | $ — | $ — | 1.0 % |
| Other construction loans and all land development and other land loans | — | — | 10,115 | — | — | 3.5 |
| Non-owner occupied, nonfarm nonresidential properties | — | — | 1,962 | — | — | 0.2 |
| Total | $ — | $ 6,961 | $ 12,243 | $ — | $ — | 0.4 % |

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

| | Principal Forgiveness | Payment Delay | Term Extension | Interest Rate Reduction | Combination Payment Delay and Term Extension | Total Class of Financing Receivable |
|---|---|---|---|---|---|---|
| Owner-occupied, nonfarm nonresidential properties | $ — | $ 288 | $ — | $ — | $ — | 0.1 % |
| Commercial and Industrial | — | — | 505 | — | — | 0.1 |
| Total | $ — | $ 288 | $ 505 | $ — | $ — | — % |

The Corporation had no unfunded available credit to customers whose loan receivables are included in the previous tables.

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

The following table presents the performance of such loans that have been modified during the twelve months ended March 31, 2025:

| | Current | 30 - 59 Days Past Due | 60 - 89 Days Past Due | Greater Than 89 Days Past Due | Total Past Due |
|---|---|---|---|---|---|
| Farmland | $ 1,041 | $ — | $ — | $ — | $ — |
| Owner-occupied, nonfarm nonresidential properties | 696 | — | — | — | — |
| Commercial and Industrial | 7,127 | — | — | — | — |
| Other construction loans and all land development and other land loans | 10,115 | — | — | — | — |
| Non-owner occupied, nonfarm nonresidential properties | 7,186 | — | — | — | — |
| Residential Mortgages secured by first liens | 350 | — | — | — | — |
| Residential Mortgages secured by junior liens | 28 | — | — | — | — |
| Total | $ 26,543 | $ — | $ — | $ — | $ — |

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

| | 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 | $ 696 | $ 288 | $ — | $ — | $ 288 |
| Commercial and Industrial | 3,705 | 321 | — | — | 321 |
| Non-owner occupied, nonfarm nonresidential properties | 6,696 | — | — | — | — |
| Residential Mortgages secured by first liens | 399 | — | — | — | — |
| Residential Mortgages secured by junior liens | 29 | — | — | — | — |
| Total | $ 11,525 | $ 609 | $ — | $ — | $ 609 |

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three months ended March 31, 2025:

| | Principal Forgiveness | Weighted Average Term Extension (in years) | Weighted Average Interest Rate Reduction |
|---|---|---|---|
| Commercial and Industrial | $ — | 0.96 | — % |
| Other construction loans and all land development and other land loans | — | 0.75 | — |
| Non-owner occupied, nonfarm nonresidential properties | — | 0.50 | — |
| Total | $ — | 0.71 | — % |

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

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

There were no loans that had a payment default during the three months ended March 31, 2025 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 three months ended March 31, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

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

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.

| | March 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | | Non-Pass Rated | | | | |
| | Pass | Special Mention | Substandard | Doubtful | Total Non-Pass | Total |
| Farmland | $ 23,648 | $ — | $ 5,750 | $ — | $ 5,750 | $ 29,398 |
| Owner-occupied, nonfarm nonresidential properties | 497,876 | 1,286 | 21,336 | — | 22,622 | 520,498 |
| Agricultural production and other loans to farmers | 6,405 | — | — | — | — | 6,405 |
| Commercial and Industrial | 643,154 | 6,522 | 59,014 | — | 65,536 | 708,690 |
| Obligations (other than securities and leases) of states and political subdivisions | 137,149 | — | — | — | — | 137,149 |
| Other loans | 27,457 | — | — | — | — | 27,457 |
| Other construction loans and all land development and other land loans | 275,025 | 10,115 | 1,424 | — | 11,539 | 286,564 |
| Multifamily (5 or more) residential properties | 399,481 | — | 26,521 | — | 26,521 | 426,002 |
| Non-owner occupied, nonfarm nonresidential properties | 1,016,911 | 2,970 | 21,569 | — | 24,539 | 1,041,450 |
| Total | $ 3,027,106 | $ 20,893 | $ 135,614 | $ — | $ 156,507 | $ 3,183,613 |

| | 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 | $ 3,022,059 | $ 15,824 | $ 129,830 | $ — | $ 145,654 | $ 3,167,713 |

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 March 31, 2025. Current period originations may include modifications.

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term | Total |
| Farmland | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 1,524 | $ 129 | $ 1,608 | $ 6,632 | $ 6,379 | $ 6,959 | $ 417 | $ — | $ 23,648 |
| Special mention | — | — | — | — | — | — | — | — | — |
| Substandard | — | 166 | — | 5,099 | — | 485 | — | — | 5,750 |
| Total | $ 1,524 | $ 295 | $ 1,608 | $ 11,731 | $ 6,379 | $ 7,444 | $ 417 | $ — | $ 29,398 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Owner-occupied, nonfarm nonresidential properties | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 13,222 | $ 80,346 | $ 59,880 | $ 113,144 | $ 93,276 | $ 126,541 | $ 11,467 | $ — | $ 497,876 |
| Special mention | — | — | — | — | 250 | 455 | 581 | — | 1,286 |
| Substandard | — | 13,851 | 1,110 | 4,079 | 696 | 1,370 | 230 | — | 21,336 |
| Total | $ 13,222 | $ 94,197 | $ 60,990 | $ 117,223 | $ 94,222 | $ 128,366 | $ 12,278 | $ — | $ 520,498 |
| Current period gross write offs | $ — | $ — | $ — | $ 23 | $ — | $ — | $ — | $ — | $ 23 |
| Agricultural production and other loans to farmers | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ — | $ 5,026 | $ 458 | $ 18 | $ 26 | $ 181 | $ 696 | $ — | $ 6,405 |
| Special mention | — | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — | — |
| Total | $ — | $ 5,026 | $ 458 | $ 18 | $ 26 | $ 181 | $ 696 | $ — | $ 6,405 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Commercial and Industrial | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 32,132 | $ 123,413 | $ 40,663 | $ 91,179 | $ 55,580 | $ 43,909 | $ 256,278 | $ — | $ 643,154 |
| Special mention | — | 4 | 52 | 2,239 | 1,788 | 88 | 2,351 | — | 6,522 |
| Substandard | 711 | 266 | 5,147 | 10,991 | 1,160 | 1,909 | 38,830 | — | 59,014 |
| Total | $ 32,843 | $ 123,683 | $ 45,862 | $ 104,409 | $ 58,528 | $ 45,906 | $ 297,459 | $ — | $ 708,690 |
| Current period gross write offs | $ — | $ — | $ 32 | $ — | $ — | $ — | $ 587 | $ 31 | $ 650 |
| Obligations (other than securities and leases) of states and political subdivisions | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 1,522 | $ 6,276 | $ 24,683 | $ 15,471 | $ 30,095 | $ 54,998 | $ 4,104 | $ — | $ 137,149 |
| Special mention | — | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — | — |
| Total | $ 1,522 | $ 6,276 | $ 24,683 | $ 15,471 | $ 30,095 | $ 54,998 | $ 4,104 | $ — | $ 137,149 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Other loans | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 55 | $ 1,945 | $ 3,377 | $ 12,239 | $ 4,553 | $ 1,519 | $ 3,769 | $ — | $ 27,457 |
| Special mention | — | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — | — |
| Total | $ 55 | $ 1,945 | $ 3,377 | $ 12,239 | $ 4,553 | $ 1,519 | $ 3,769 | $ — | $ 27,457 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 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 | $ 32,865 | $ 101,739 | $ 42,997 | $ 87,236 | $ 2,978 | $ 2,384 | $ 4,826 | $ — | $ 275,025 |
| Special mention | 10,115 | — | — | — | — | — | — | — | 10,115 |
| Substandard | — | — | — | — | — | 1,424 | — | — | 1,424 |
| Total | $ 42,980 | $ 101,739 | $ 42,997 | $ 87,236 | $ 2,978 | $ 3,808 | $ 4,826 | $ — | $ 286,564 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Multifamily (5 or more) residential properties | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 16,666 | $ 48,811 | $ 56,547 | $ 172,908 | $ 60,854 | $ 41,292 | $ 2,403 | $ — | $ 399,481 |
| Special mention | — | — | — | — | — | — | — | — | — |
| Substandard | 4,449 | 190 | 1,565 | 20,317 | — | — | — | — | 26,521 |
| Total | $ 21,115 | $ 49,001 | $ 58,112 | $ 193,225 | $ 60,854 | $ 41,292 | $ 2,403 | $ — | $ 426,002 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Non-owner occupied, nonfarm nonresidential properties | | | | | | | | | |
| Risk rating | | | | | | | | | |
| Pass | $ 28,032 | $ 136,325 | $ 192,741 | $ 326,373 | $ 178,780 | $ 147,023 | $ 7,637 | $ — | $ 1,016,911 |
| Special mention | — | — | — | 211 | 2,001 | 339 | 419 | — | 2,970 |
| Substandard | — | 13,354 | 757 | 464 | — | 6,994 | — | — | 21,569 |
| Total | $ 28,032 | $ 149,679 | $ 193,498 | $ 327,048 | $ 180,781 | $ 154,356 | $ 8,056 | $ — | $ 1,041,450 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

The following tables detail the amortized cost of loans receivable, by year of origination (for term loans) and by risk grade within each portfolio segment as of December 31, 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 Corporation considers the performance of the loan portfolio and its impact on the allowance for credit losses. For 1-4 family construction, home equity lines of credit, residential mortgages secured by first liens, residential mortgages secured by junior liens, automobile, credit cards, other revolving credit plans and other consumer segments, the Corporation evaluates credit quality based on the performance status of the loan, which was previously presented, and by payment activity. Nonperforming loans include loans receivable on nonaccrual status and loans receivable past due over 89 days and still accruing interest.

| | March 31, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Performing | Nonperforming | Total | Performing | Nonperforming | Total |
| 1-4 Family Construction | $ 16,470 | $ — | $ 16,470 | $ 26,431 | $ — | $ 26,431 |
| Home equity lines of credit | 178,361 | 768 | 179,129 | 165,490 | 837 | 166,327 |
| Residential Mortgages secured by first liens | 994,335 | 8,634 | 1,002,969 | 1,003,653 | 9,093 | 1,012,746 |
| Residential Mortgages secured by junior liens | 106,688 | 298 | 106,986 | 106,191 | 271 | 106,462 |
| Other revolving credit plans | 35,184 | 176 | 35,360 | 40,941 | 154 | 41,095 |
| Automobile | 19,679 | 60 | 19,739 | 20,895 | 66 | 20,961 |
| Other consumer | 50,911 | 663 | 51,574 | 53,072 | 749 | 53,821 |
| Total | $ 1,401,628 | $ 10,599 | $ 1,412,227 | $ 1,416,673 | $ 11,170 | $ 1,427,843 |

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 March 31, 2025. Current period originations may include modifications.

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term | Total |
| 1-4 Family Construction | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 507 | $ 13,314 | $ 1,753 | $ 850 | $ — | $ 46 | $ — | $ — | $ 16,470 |
| Nonperforming | — | — | — | — | — | — | — | — | — |
| Total | $ 507 | $ 13,314 | $ 1,753 | $ 850 | $ — | $ 46 | $ — | $ — | $ 16,470 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Home equity lines of credit | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 8,236 | $ 47,165 | $ 26,892 | $ 30,093 | $ 9,496 | $ 38,210 | $ 11,785 | $ 6,484 | $ 178,361 |
| Nonperforming | — | — | 49 | — | — | — | — | 719 | 768 |
| Total | $ 8,236 | $ 47,165 | $ 26,941 | $ 30,093 | $ 9,496 | $ 38,210 | $ 11,785 | $ 7,203 | $ 179,129 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Residential mortgages secured by first lien | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 17,647 | $ 104,559 | $ 133,981 | $ 219,273 | $ 172,661 | $ 343,930 | $ 2,284 | $ — | $ 994,335 |
| Nonperforming | 42 | 350 | 2,447 | 1,711 | 1,173 | 2,911 | — | — | 8,634 |
| Total | $ 17,689 | $ 104,909 | $ 136,428 | $ 220,984 | $ 173,834 | $ 346,841 | $ 2,284 | $ — | $ 1,002,969 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ 32 | $ 2 | $ — | $ — | $ 34 |
| Residential mortgages secured by junior liens | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 4,494 | $ 31,546 | $ 21,569 | $ 22,225 | $ 11,393 | $ 14,316 | $ 1,145 | $ — | $ 106,688 |
| Nonperforming | — | 18 | 72 | 34 | 121 | 15 | 38 | — | 298 |
| Total | $ 4,494 | $ 31,564 | $ 21,641 | $ 22,259 | $ 11,514 | $ 14,331 | $ 1,183 | $ — | $ 106,986 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Other revolving credit plans | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 950 | $ 8,599 | $ 6,025 | $ 6,268 | $ 2,060 | $ 11,282 | $ — | $ — | $ 35,184 |
| Nonperforming | — | — | 4 | 25 | 6 | 141 | — | — | 176 |
| Total | $ 950 | $ 8,599 | $ 6,029 | $ 6,293 | $ 2,066 | $ 11,423 | $ — | $ — | $ 35,360 |
| Current period gross write offs | $ — | $ — | $ — | $ 3 | $ — | $ — | $ — | $ — | $ 3 |
| Automobile | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 1,255 | $ 5,323 | $ 7,593 | $ 3,378 | $ 922 | $ 1,208 | $ — | $ — | $ 19,679 |
| Nonperforming | — | — | 14 | 43 | — | 3 | — | — | 60 |
| Total | $ 1,255 | $ 5,323 | $ 7,607 | $ 3,421 | $ 922 | $ 1,211 | $ — | $ — | $ 19,739 |
| Current period gross write offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Other consumer | | | | | | | | | |
| Payment performance | | | | | | | | | |
| Performing | $ 4,918 | $ 24,267 | $ 11,179 | $ 4,491 | $ 1,964 | $ 4,092 | $ — | $ — | $ 50,911 |
| Nonperforming | — | 297 | 251 | 58 | 55 | 2 | — | — | 663 |
| Total | $ 4,918 | $ 24,564 | $ 11,430 | $ 4,549 | $ 2,019 | $ 4,094 | $ — | $ — | $ 51,574 |
| Current period gross write offs | $ — | $ 216 | $ 268 | $ 47 | $ 28 | $ 8 | $ — | $ — | $ 567 |

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.

| | 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 |

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Credit card | | |
| Payment performance | | |
| Performing | $ 13,806 | $ 12,981 |
| Nonperforming | 172 | 162 |
| Total | $ 13,978 | $ 13,143 |
| Current period gross write offs | $ 122 | $ 143 |

Holiday's loan portfolio, included in other consumer loans above, is summarized as follows at March 31, 2025 and December 31, 2024:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Gross other consumer | $ 22,778 | $ 27,261 |
| Less: other consumer unearned discounts | (3,659) | (4,772) |
| Total other consumer loans, net of unearned discounts | $ 19,119 | $ 22,489 |

## 5. LEASES

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

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

| Leases | Classification | March 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Assets: | | | |
| Operating lease assets | Operating lease right-of-use assets | $ 37,391 | $ 37,764 |
| Finance lease assets | Finance lease right-of-use assets | 14,822 | 14,951 |
| Finance lease assets | Premises and equipment, net [1] | 125 | 143 |
| Total leased assets | | $ 52,338 | $ 52,858 |
| | | | |
| Liabilities: | | | |
| Operating lease liabilities | Operating lease liabilities | $ 40,030 | $ 40,315 |
| Finance lease liabilities | Accrued interest payable and other liabilities | 15,137 | 15,151 |
| Total leased liabilities | | $ 55,167 | $ 55,466 |

[1] Finance lease assets are recorded net of accumulated amortization of $1.1 million as of March 31, 2025 and $1.1 million as of December 31, 2024.

The components of the Corporation's net lease expense for the three months ended March 31, 2025 and 2024, respectively, were as follows:

| Lease Cost | Classification | Three Months Ended March 31, 2025 | 2024 |
|---|---|---|---|
| Operating lease cost | Net occupancy expense | $ 790 | $ 742 |
| Variable lease cost | Net occupancy expense | 49 | 27 |
| Finance lease cost: | | | |
| Amortization of leased assets | Net occupancy expense | 147 | 18 |
| Interest on lease liabilities | Interest expense - borrowed funds | 236 | 3 |
| Sublease income [1] | Net occupancy expense | (26) | (24) |
| Net lease cost | | $ 1,196 | $ 766 |

[1] Sublease income excludes rental income fromowned properties.

The following table sets forth future minimum rental payments under noncancellable leases with initial terms in excess of one year as of March 31, 2025:

| Maturity of Lease Liabilities as of March 31, 2025 | Operating Leases [1] | Finance Leases | Total |
|---|---|---|---|
| 2025 | $ 2,067 | $ 635 | $ 2,702 |
| 2026 | 2,737 | 846 | 3,583 |
| 2027 | 2,759 | 738 | 3,497 |
| 2028 | 2,827 | 783 | 3,610 |
| 2029 | 2,862 | 783 | 3,645 |
| After 2029 | 51,797 | 32,188 | 83,985 |
| Total lease payments | 65,049 | 35,973 | 101,022 |
| Less: Interest | 25,019 | 20,836 | 45,855 |
| Present value of lease liabilities | $ 40,030 | $ 15,137 | $ 55,167 |

[1] Operating lease payments include payments related to options to extend lease terms that are reasonably certain of being exercised and exclude $3.4 million of legally binding minimumlease payments for leases signed, but not yet commenced.

Lease terms and discount rates related to the Corporation's lease liabilities as of March 31, 2025 and December 31, 2024 were as follows:

| Lease Term and Discount Rate | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Weighted-average remaining lease term (years) | | |
| Operating leases | 22.6 | 22.8 |
| Finance leases | 34.3 | 34.6 |
| | | |
| Weighted-average discount rate | | |
| Operating leases | 4.22 % | 4.22 % |
| Finance leases | 5.25 % | 5.24 % |

Other information related to the Corporation's lease liabilities as of March 31, 2025 and 2024, respectively, was as follows:

| Other Information | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | $ 286 | $ 268 |

## 6. DEPOSITS

The following table reflects time certificates of deposit accounts included in total deposits and their remaining maturities at March 31, 2025:

| | |
|---|---|
| Time deposits maturing: | |
| 2025 | $ 511,578 |
| 2026 | 207,929 |
| 2027 | 10,213 |
| 2028 | 4,161 |
| 2029 | 2,316 |
| Thereafter | 1,405 |
| | $ 737,602 |

Certificates of deposits of $250 thousand or more totaled $140.4 million and $131.1 million at March 31, 2025 and December 31, 2024, respectively.

The Corporation had $185.0 million in brokered deposits as of March 31, 2025 compared to $185.0 million at December 31, 2024. In addition, the Corporation had $921.6 million and $924.6 million in reciprocal deposits at March 31, 2025 and December 31, 2024, respectively.

## 7. BORROWINGS

At March 31, 2025 and December 31, 2024, the Corporation had available one $10.0 million unsecured line of credit with an unaffiliated institution. Borrowings under the line of credit bear interest at a variable rate equal to the Secured Overnight Finance Rate ("SOFR") plus 2.85%. There were no borrowings under the line of credit at March 31, 2025 and December 31, 2024.

Federal Home Loan Bank Borrowings

The Bank has the ability to borrow funds from the Federal Home Loan Bank of Pittsburgh ("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 March 31, 2025, and December 31, 2024 were $2.2 billion and $2.1 billion, respectively. The Bank could obtain advances of up to approximately $1.2 billion from the FHLB at March 31, 2025 and $1.2 billion at December 31, 2024.

At March 31, 2025 and December 31, 2024, there were no outstanding advances from the FHLB:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Open Repo borrowing at an interest rate of 4.69% and 4.71% at March 31, 2025 and December 31, 2024, respectfully. The maximum amount of the Open Repo borrowing available is $250,000. | $ — | $ — |
| Total | $ — | $ — |

At March 31, 2025 and December 31, 2024, municipal deposit letters of credit issued by the FHLB on behalf of the Bank naming applicable municipalities as beneficiaries were $159.4 million and $157.7 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 March 31, 2025, the Bank had borrowing capacity through the Federal Reserve BIC program of $213.8 million. Borrowings under the BIC program are overnight advances with interest chargeable at the discount window ("primary credit") borrowing rate. At March 31, 2025, the Bank had pledged certain qualifying loans with an unpaid principal balance of $218.9 million and securities with a carrying value of $77.8 million as collateral.

At March 31, 2025 and December 31, 2024, the Bank had no borrowings from the Federal Reserve BIC program and discount window.

Other Borrowings

At March 31, 2025 and December 31, 2024, 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 upon three-month London Interbank Offered Rate ("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 6.11% at March 31, 2025 and 6.17% at December 31, 2024. 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 as of both March 31, 2025 and December 31, 2024.

## 8. RELATED PARTY TRANSACTIONS

Some of the Corporation's directors, executive officers, and their related interests had transactions with the Bank in the ordinary course of business. All loan and deposit transactions were made on substantially the same terms, such as interest rates and collateral, as those prevailing at the time for comparable transactions. In the opinion of management, these transactions do not involve more than the normal risk of collectability nor do they present other unfavorable features. It is anticipated that similar transactions will be entered into in the future.

Loans to principal officers, directors, and their affiliates during the three months ended March 31, 2025 were as follows:

| | | |
|---|---|---|
| Beginning balance | $ | 31,689 |
| New loans and advances | | 113 |
| Effect of changes in composition of related parties | | 586 |
| Repayments | | (1,455) |
| Ending balance | $ | 30,933 |

Deposits from directors, executive officers, and their affiliates were $12.0 million and $12.1 million at March 31, 2025 and December 31, 2024, respectively.

## 9. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Financial Instruments with Off-Balance Sheet Risk

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

As of March 31, 2025 and December 31, 2024, 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 March 31, 2025 and December 31, 2024 were as follows:

| | March 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Fixed Rate | Variable Rate | Fixed Rate | Variable Rate |
| Commitments to extended credit | $ 89,822 | $ 340,830 | $ 130,087 | $ 321,677 |
| Unused lines of credit | 59,595 | 846,744 | 24,037 | 851,846 |
| Standby letters of credit | 20,270 | 2,681 | 19,301 | 2,797 |

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

Allowance for Credit Losses on Unfunded Loan Commitments

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

The following table presents activity in the allowance for credit losses on unfunded loan commitments for the three months ended March 31, 2025 and 2024, respectively:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Beginning balance | $ 944 | $ 759 |
| Provision for credit losses on unfunded loan commitments [1] | 117 | (24) |
| Ending balance | $ 1,061 | $ 735 |

[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 and community development entities. Capital contributions for investments in small business companies ("SBIC") and community development entities ("CDE"), reported in FHLB and other restricted stock holdings and investments on the condensed consolidated balance sheet, as of March 31, 2025 and December 31, 2024 were $24.2 million and $23.5 million, respectively. Unfunded capital commitments in investments in SBICs and CDEs totaled $7.3 million and $8.0 million as of March 31, 2025 and December 31, 2024, 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 condensed consolidated balance sheet, as of March 31, 2025 and December 31, 2024 were $7.1 million and $7.3 million, respectively. The related amortization for the three months ended March 31, 2025 and 2024 was $172 thousand and $178 thousand, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the condensed consolidated balance sheets, as of March 31, 2025 and December 31, 2024 were $3.5 million and $3.7 million, 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 condensed consolidated balance sheet, as of both March 31, 2025 and December 31, 2024 were $4.1 million. The investments do not have any related amortization for the three months ended March 31, 2025 and 2024. Unfunded commitments, reported in accrued interest payable and other liabilities on the condensed consolidated balance sheets, as of both March 31, 2025 and December 31, 2024 were $3.2 million.

Litigation

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

**10. STOCK COMPENSATION**

The Corporation has a stock incentive plan, which is administered by a committee of the Board of Directors and which permits the Corporation to provide various types of stock-based compensation to its key employees, directors, and/or consultants. In April 2025, the Corporation's shareholders approved the CNB Financial Corporation 2025 Omnibus Incentive Plan (the "2025 Stock Incentive Plan"), which replaces the CNB Financial Corporation 2019 Omnibus Incentive Plan (the "2019 Stock Incentive Plan") and provides for the issuance of up to 782,246 shares of common stock (including shares that remained available for future awards under the 2019 Stock Incentive Plan as of the effective date of the 2025 Plan and shares related to outstanding awards under the 2019 Stock Incentive Plan that may become available after expiration, forfeiture or cancellation of such awards). The 2025 Stock Incentive Plan provides for the issuance of common stock through the grant of a variety of awards, including stock options, stock appreciation rights, restricted stock units, unrestricted stock, dividend equivalent rights and other equity-based awards. The 2025 Stock Incentive Plan terminates in January 2035, unless terminated earlier by the Board of Directors.

For key employees, the vesting of time-based restricted stock is one-third, one-fourth, or one-fifth of the granted restricted shares per year, beginning one year after the grant date, with 100% vesting on the third, fourth or fifth anniversary of the grant date, respectively. Stock compensation received by non-employee directors vests immediately.

At March 31, 2025, there was no unrecognized compensation cost related to stock-based compensation awarded under this plan and, except for the time-based and performance-based restricted stock awards disclosed below and in previous filings, no other stock-based compensation was granted during the three months ended March 31, 2025 and 2024.

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 $455 thousand for the three months ended March 31, 2025, and $883 thousand for the three months ended March 31, 2024. The total income tax benefit related to the recognized compensation cost of vested restricted stock awards was $96 thousand for the three months ended March 31, 2025, and $185 thousand for the three months ended March 31, 2024.

A summary of changes in time-based unvested restricted stock awards for the three months ended March 31, 2025 follows:

| | Shares | Per Share Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested at beginning of period | 178,556 | $ 22.37 |
| Forfeited | (3,558) | 22.19 |
| Vested | (59,739) | 22.92 |
| Unvested at end of period | 115,259 | $ 22.09 |

As of March 31, 2025 and December 31, 2024, there was $2.3 million and $2.7 million, respectively, of total unrecognized compensation cost related to non-vested shares granted under the 2019 Stock Incentive Plan. The fair value of shares vested was $1.5 million during the three months ended March 31, 2025, and $1.4 million during the three months ended March 31, 2024.

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

In 2024, the 2022 PBRSAs were fully earned and in 2025, 8,916 shares were fully distributed. The fair value of the shares distributed in 2025 was $226 thousand.

## 11. 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. For the three months ended March 31, 2025 and 2024, there were no outstanding stock options to include in the diluted earnings per common share calculations.

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Basic earnings per common share computation:** | | |
| Net income per condensed consolidated statements of income | $ 10,406 | $ 11,525 |
| Net earnings allocated to participating securities | (57) | (92) |
| Net earnings allocated to common stock | $ 10,349 | $ 11,433 |
| Distributed earnings allocated to common stock | $ 3,756 | $ 3,646 |
| Undistributed earnings allocated to common stock | 6,593 | 7,787 |
| Net earnings allocated to common stock | $ 10,349 | $ 11,433 |
| Weighted average common shares outstanding, including shares considered participating securities | 20,981 | 20,979 |
| Less: Average participating securities | (114) | (155) |
| Weighted average shares | 20,867 | 20,824 |
| Basic earnings per common share | $ 0.50 | $ 0.55 |
| **Diluted earnings per common share computation:** | | |
| Net earnings allocated to common stock | $ 10,349 | $ 11,433 |
| Weighted average common shares outstanding for basic earnings per common share | 20,867 | 20,824 |
| Add: Dilutive effect of stock compensation | 58 | 63 |
| Weighted average shares and dilutive potential common shares | 20,925 | 20,887 |
| Diluted earnings per common share | $ 0.50 | $ 0.55 |

## 12. DERIVATIVE INSTRUMENTS

As of March 31, 2025 and December 31, 2024, 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.

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 of $573 thousand as of March 31, 2025 and $173 thousand as of December 31, 2024. This balance is included in cash and cash equivalents due from banks on the condensed consolidated balance sheets. The Corporation may require its customers to post cash or securities as collateral on its program of back-to-back swaps depending upon the specific facts and circumstances surrounding each loan and individual swap. In addition, certain language is included in the International Swaps and Derivatives Association agreement and loan documents where, in default situations, the Corporation is permitted to access collateral supporting the loan relationship to recover any losses suffered on the derivative asset or liability. The Corporation may be required to post additional collateral to swap counterparties in the future in proportion to potential increases in unrealized loss positions. Effective on September 30, 2023 the Corporation amended all of the back-to-back swap contracts to reference the 1-month SOFR plus a credit spread adjustment of 11.448 basis points "Fallback SOFR."

The following table provides information about the amounts and locations of activity related to the back-to-back interest rate swaps within the Corporation's condensed consolidated balance sheet as of March 31, 2025 and December 31, 2024:

| | | | Fair Value | | | |
|---|---|---|---|---|---|---|
| | Notional Amount | Asset | | Liability | | |
| **March 31, 2025** | $ 65,509 | $ 826 | (a) | $ 826 | (b) | |
| **December 31, 2024** | $ 65,629 | $ 423 | (a) | $ 423 | (b) | |

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

Risk Participation Agreements

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

The Corporation entered into 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 $35.2 million as of March 31, 2025 and $21.3 million as of December 31, 2024.

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 both March 31, 2025 and December 31, 2024.

The fair value of the RPAs swaps was $27 thousand and $11 thousand as of March 31, 2025 and December 31, 2024, respectively, and is reported in accrued interest payable and other liabilities within the condensed consolidated balance sheets.

## 13. FAIR VALUE

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

Assets and liabilities measured at fair value on a recurring basis are as follows at March 31, 2025 and December 31, 2024:

| | | Fair Value Measurements at March 31, 2025 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 | $ 9,651 | $ 9,651 | $ — | $ — |
| States and political subdivisions | 92,285 | — | 92,285 | — |
| Residential and multi-family mortgage | 370,876 | — | 370,876 | — |
| Corporate notes and bonds | 35,124 | — | 35,124 | — |
| Pooled SBA | 8,506 | — | 8,506 | — |
| Total Securities Available-For-Sale | $ 516,442 | $ 9,651 | $ 506,791 | $ — |
| Interest Rate swaps | $ 826 | $ — | $ 826 | $ — |
| Equity Securities: | | | | |
| Corporate equity securities | $ 6,175 | $ 6,175 | $ — | $ — |
| Mutual funds | 1,935 | 1,935 | — | — |
| Money market funds | 477 | 477 | — | — |
| Corporate notes | 1,706 | — | 1,706 | — |
| Total Equity Securities | $ 10,293 | $ 8,587 | $ 1,706 | $ — |
| Liabilities: | | | | |
| Interest Rate Swaps | $ (826) | $ — | $ (826) | $ — |

| | | 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 funds | 287 | 287 | — | — |
| Corporate notes | 1,691 | — | 1,691 | — |
| Total Equity Securities | $ 10,456 | $ 8,765 | $ 1,691 | $ — |
| Liabilities: | | | | |
| Interest Rate Swaps | $ (423) | $ — | $ (423) | $ — |

Assets and liabilities measured at fair value on a non-recurring basis are as follows at March 31, 2025 and December 31, 2024:

| | | Fair Value Measurements at March 31, 2025 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: | | | | |
| Collateral-dependent loans receivable: | | | | |
| Farmland | $ 352 | $ — | $ — | $ 352 |
| Owner-occupied, nonfarm nonresidential properties | 2,505 | — | — | 2,505 |
| Commercial and industrial | 2,285 | — | — | 2,285 |
| Other construction loans and all land development loans and other land loans | 1,174 | — | — | 1,174 |
| Multifamily (5 or more) residential properties | 19,648 | — | — | 19,648 |
| Non-owner occupied, nonfarm nonresidential | 5,225 | — | — | 5,225 |
| Home equity lines of credit | 290 | — | — | 290 |
| Residential Mortgages secured by first liens | 1,134 | — | — | 1,134 |

| | | 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: | | | | |
| Collateral-dependent loans receivable: | | | | |
| 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 |

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 March 31, 2025:

| | 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 | 39% (39%) |
| Owner-occupied, nonfarm nonresidential properties | 2,505 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 22%-46% (26%) |
| Commercial and industrial | 2,285 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 10%-100% (27%) |
| Other construction loans and all land development loans and other land loans | 1,174 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 40% (40%) |
| Multifamily (5 or more) residential properties | 19,648 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 10%-38% (10%) |
| Non-owner occupied, nonfarm nonresidential | 5,225 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 52% (52%) |
| Home equity lines of credit | 290 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 27%-38% (36%) |
| Residential Mortgages secured by first liens | 1,134 | Valuation of third party appraisal on underlying collateral | Loss severity rates | 22%-54% (36%) |

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%) |

Fair Value of Financial Instruments

The following table presents the carrying amount and fair value of financial instruments at March 31, 2025:

| | Carrying Amount | Fair Value Measurement Using: Level 1 | Level 2 | Level 3 | Total Fair Value |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 520,157 | $ 520,157 | $ — | $ — | $ 520,157 |
| Debt securities available-for-sale | 516,442 | 9,651 | 506,791 | — | 516,442 |
| Debt securities held-to-maturity | 282,159 | 62,108 | 201,286 | — | 263,394 |
| Equity securities | 10,293 | 8,587 | 1,706 | — | 10,293 |
| Loans held for sale | 860 | — | 883 | — | 883 |
| Net loans receivable | 4,562,652 | — | — | 4,497,942 | 4,497,942 |
| FHLB and other restricted stock holdings and investments | 41,844 | n/a | n/a | n/a | n/a |
| Interest rate swaps | 826 | — | 826 | — | 826 |
| Accrued interest receivable | 24,515 | 266 | 3,000 | 21,249 | 24,515 |
| LIABILITIES | | | | | |
| Deposits | $ (5,460,078) | $ (4,722,476) | $ (734,359) | $ — | $ (5,456,835) |
| Subordinated notes and debentures | (105,266) | — | (123,648) | — | (123,648) |
| Interest rate swaps | (826) | — | (826) | — | (826) |
| Accrued interest payable | (7,318) | — | (7,318) | — | (7,318) |

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 notes and debentures | (105,190) | — | (124,515) | — | (124,515) |
| Interest rate swaps | (423) | — | (423) | — | (423) |
| Accrued interest payable | (7,152) | — | (7,152) | — | (7,152) |

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.

**14. 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.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Interest and Dividend Income: | | |
| Loans including fees | | |
| Interest and fees on loans | $ 72,379 | $ 71,513 |
| Investment Securities | 10,000 | 6,392 |
| Total interest and dividend income | 82,379 | 77,905 |
| Interest Expense: | | |
| Deposits | 32,634 | 31,548 |
| Borrowed funds | 1,314 | 1,135 |
| Total interest expense | 33,948 | 32,683 |
| NET INTEREST INCOME | 48,431 | 45,222 |
| PROVISION FOR CREDIT LOSS EXPENSE | 1,556 | 1,320 |
| NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE | 46,875 | 43,902 |
| NON-INTEREST INCOME: | | |
| Service charges on deposit accounts | 1,714 | 1,694 |
| Other service charges and fees | 510 | 695 |
| Wealth and asset management fees | 1,796 | 1,802 |
| Net unrealized gains (losses) on equity securities | (249) | 191 |
| Mortgage banking | 96 | 196 |
| Bank owned life insurance | 760 | 767 |
| Card processing and interchange income | 2,107 | 2,016 |
| Other non-interest income | 1,773 | 1,594 |
| Total non-interest income | 8,507 | 8,955 |
| NON-INTEREST EXPENSES: | | |
| Salaries | 13,726 | 13,556 |
| Incentive | 1,768 | 393 |
| Benefits | 5,070 | 4,838 |
| Net occupancy expense | 4,038 | 3,640 |
| Technology expense | 5,378 | 5,072 |
| State and local taxes | 1,292 | 1,143 |
| Legal, professional and examination fees | 849 | 1,172 |
| Advertising | 514 | 685 |
| FDIC insurance | 985 | 990 |
| Card processing and interchange expenses | 1,160 | 1,179 |
| Merger Costs | 1,529 | — |
| Other non-interest expenses | 4,729 | 4,756 |
| Total non-interest expenses | 41,038 | 37,424 |
| INCOME BEFORE INCOME TAXES | 14,344 | 15,433 |
| INCOME TAX EXPENSE | 2,863 | 2,833 |
| SEGMENT NET INCOME | $ 11,481 | $ 12,600 |
| | | |
| **Reconciliation of profit or loss** | | |
| Adjustments and reconciling items | — | — |
| CONSOLIDATED NET INCOME | $ 11,481 | $ 12,600 |
| | | |
| **Reconciliation of assets** | | |
| Adjustments and reconciling items | — | — |
| TOTAL CONSOLIDATED ASSETS | $ 6,295,508 | $ 5,801,412 |

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

### GENERAL OVERVIEW

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

The Corporation 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 Financial Services Corporation, incorporated in Pennsylvania, offers small balance unsecured loans and secured loans, primarily collateralized by automobiles and equipment, to borrowers with higher risk characteristics.

The following discussion should be read in conjunction with the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2024, included the 2024 Form 10-K, and in conjunction with the condensed consolidated financial statements and notes thereto included in Item 1 of this report. Operating results for the three months ended March 31, 2025 are not necessarily indicative of the results for the full year ending December 31, 2025, or any future period.

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. At the Corporation's 2025 Annual Meeting of Shareholders held on April 15, 2025, the Corporation's shareholders voted to approve the issuance of shares of the Corporation's common stock pursuant to the Merger Agreement.

**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:

- Merger costs, net of tax;
- Income available to common (excluding merger costs);
- Tangible book value per share and tangible book value per share (excluding merger costs);
- Tangible common equity/tangible assets and tangible common equity/tangible assets (excluding merger costs);
- Efficiency ratio (fully tax-equivalent basis) and efficiency ratio (fully tax-equivalent basis and excluding merger costs);
- Net interest margin (fully tax-equivalent basis);
- Pre-provision net revenue ("PPNR") and PPNR (excluding merger costs);
- Basic and diluted earnings per share (excluding merger costs);
- Dividend payout ratio (excluding merger costs);
- Return on average assets (excluding merger costs);
- Return on average equity (excluding merge costs); and
- Return on average tangible common equity and return on average tangible common equity (excluding merger costs)

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.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents totaled $520.2 million at March 31, 2025, including additional excess liquidity of $447.1 million held at the Federal Reserve, compared to $375.0 million at December 31, 2024. These excess funds, when combined with collective contingent liquidity resources of $4.7 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 available liquidity sources for the Corporation to be approximately 5.3 times the estimated amount of adjusted uninsured deposit balances.

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

**SECURITIES**

AFS debt securities and equity securities combined totaled $526.7 million and $479.0 million at March 31, 2025 and December 31, 2024, respectively. At March 31, 2025, the total balance of investments classified as HTM debt securities was $282.2 million compared to $306.1 million at December 31, 2024.

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

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of AFS debt securities as of March 31, 2025. 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.

| | March 31, 2025 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 9,651 | 4.63 % | $ — | —% | $ — | —% | $ — | —% | $ 9,651 | 4.63 % |
| State and Political Subdivisions | 8,126 | 2.98 | 40,407 | 2.27 | 28,480 | 2.36 | 15,272 | 2.20 | 92,285 | 2.35 |
| Residential and multi-family mortgage | 4,967 | 2.92 | 5,740 | 2.85 | 16,637 | 1.77 | 343,532 | 3.83 | 370,876 | 3.71 |
| Corporate notes and bonds | 996 | 3.25 | 8,768 | 4.91 | 25,360 | 4.17 | — | — | 35,124 | 4.33 |
| Pooled SBA | — | — | 523 | 4.67 | 6,800 | 2.44 | 1,183 | 2.10 | 8,506 | 2.53 |
| Total | $ 23,740 | 3.65 % | $ 55,438 | 2.77 % | $ 77,277 | 2.83 % | $ 359,987 | 3.76 % | $ 516,442 | 3.51 % |

The following table summarizes the maturity distribution schedule with corresponding weighted-average yields of HTM debt securities as of March 31, 2025:

| | March 31, 2025 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 48,437 | 1.42 % | $ 143,686 | 1.54 % | $ 18,741 | 1.67 % | $ — | —% | $ 210,864 | 1.52 % |
| Residential and multi-family mortgage | — | — | 276 | 2.89 | 4,219 | 2.76 | 66,800 | 2.32 | 71,295 | 2.35 |
| Total | $ 48,437 | 1.42 % | $ 143,962 | 1.54 % | $ 22,960 | 1.87 % | $ 66,800 | 2.32 % | $ 282,159 | 1.73 % |

The following table summarizes the weighted average modified duration of AFS securities as of March 31, 2025:

| | Weighted Average Modified Duration (in Years) |
|---|---|
| U.S. Government Sponsored Entities | 0.19 |
| State and Political Subdivisions | 4.66 |
| Residential and multi-family mortgage | 3.40 |
| Corporate notes and bonds | 4.07 |
| Pooled SBA | 2.17 |
| Total | 3.59 |

The following table summarizes the weighted average modified duration of securities HTM as of March 31, 2025:

| | Weighted Average Modified Duration (in Years) |
|---|---|
| U.S. Government Sponsored Entities | 2.24 |
| Residential and multi-family mortgage | 5.69 |
| 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 4, "Loans Receivable and Allowance for Credit Losses," to the condensed consolidated financial statements provides more detail concerning the loan portfolio of the Corporation.

At March 31, 2025, loans, excluding the impact of syndicated loans, totaled $4.5 billion, representing an increase of $11.7 million, or 0.26% year to date increase (1.05% annualized), from December 31, 2024. The increase in loans for the quarter ended March 31, 2025 compared to December 31, 2024 was primarily driven by growth in the BankOnBuffalo, Ridge View Bank and the legacy CNB markets.

At March 31, 2025, the Corporation's condensed consolidated balance sheet reflected a decrease in syndicated lending balances of $10.7 million compared to December 31, 2024, primarily resulting from scheduled paydowns or early payoffs of certain syndicated loans. The syndicated loan portfolio totaled $69.2 million, or 1.50% of total loans, at March 31, 2025, compared to $79.9 million, or 1.73% of total loans at December 31, 2024. The Corporation closely manages the level and composition of its syndicated loan portfolio to ensure it continues to provide a high credit quality, profitable use of excess liquidity to complement the Corporation's loan growth from its in-market customer relationships.

Loan Origination/Risk Management

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

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

Loan Portfolio Profile

As part of its lending policy and risk management activities, the Corporation tracks lending exposure by industry classification and type to determine potential risks associated with industry concentrations, and to identify any concentration risk issues that could lead to additional credit loss exposure. An important and recurring part of this process involves the Corporation's continued measurement and evaluation of 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 standards for borrowers in the commercial real estate industry segments, the Corporation monitors numerous relevant sensitivity elements, including occupancy, loan-to-value, absorption and cap rates, debt service coverage and covenant compliance, and developer/lessor financial strength both in the project and globally. At March 31, 2025, the Corporation had the following key metrics related to its office, hospitality and multifamily portfolios:

- Commercial office loans:
  - There were 112 outstanding loans, totaling $109.2 million, or 2.37% of total Corporation loans outstanding;
  - There were no nonaccrual commercial office loans;
  - There were two past due commercial office loans that totaled $216 thousand, or 0.20% of total commercial office loans outstanding; and
  - The average outstanding balance per commercial office loan was $975 thousand.

- Commercial hospitality loans:
  - There were 162 outstanding loans, totaling $323.1 million, or 7.01% of total Corporation loans outstanding;
  - There were no nonaccrual commercial hospitality loans;
  - There was one past due commercial hospitality loan that totaled $157 thousand, or 0.05% of total commercial hospitality loans outstanding; and
  - The average outstanding balance per commercial hospitality loan was $2.0 million.

- Commercial multifamily loans:
  - There were 227 outstanding loans, totaling $373.4 million, or 8.10% of total Corporation loans outstanding;
  - There were two nonaccrual commercial multifamily loans that totaled $20.5 million, or 5.50% 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;
  - There were two past due commercial multifamily loans that totaled $20.5 million, or 5.50% of total commercial multifamily loans outstanding; 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 March 31, 2025:

| | March 31, 2025 |
|---|---|
| Commercial Office | |
| Geographic Region: | |
| Buffalo, NY | 33.75 % |
| Cleveland, OH | 31.03 |
| Cincinnati, OH | 10.10 |
| Erie-Meadville, PA | 6.02 |
| All other geographical regions | 19.10 |
| Total Commercial Office | 100.00 % |
| | |
| Commercial Hospitality | |
| Geographic Region: | |
| Buffalo, NY | 18.60 % |
| Columbus, OH | 13.90 |
| Pittsburgh, PA | 16.92 |
| Cleveland, OH | 9.49 |
| All other geographical regions | 41.09 |
| Total Commercial Hospitality | 100.00 % |
| | |
| Commercial Multifamily | |
| Geographic Region: | |
| Cleveland, OH | 44.44 % |
| Buffalo, NY | 22.53 |
| Columbus, OH | 16.21 |
| All other geographical regions | 16.82 |
| Total Commercial Multifamily | 100.00 % |

The Corporation had no commercial office, hospitality or multifamily loan relationships considered by the banking regulators to be high volatility commercial real estate ("HVCRE") credits.

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 March 31, 2025. 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.

| | March 31, 2025 | | | | |
|---|---|---|---|---|---|
| | 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 | $ 750 | $ 1,194 | $ 5,700 | $ — | $ 7,644 |
| Owner-occupied, nonfarmnonresidential properties | 22,634 | 25,642 | 11,466 | 2,088 | 61,830 |
| Agricultural production and other loans to farmers | 26 | 44 | — | 9 | 79 |
| Commercial and Industrial | 17,439 | 197,002 | 56,651 | 23,564 | 294,656 |
| Obligations (other than securities and leases) ofstates and political subdivisions | 3,456 | 15,083 | 76,858 | 6,048 | 101,445 |
| Other loans | 271 | 1,168 | 990 | 12,323 | 14,752 |
| Other construction loans and all land development and other land loans [1] | 54,573 | 14,344 | 7,827 | 884 | 77,628 |
| Multifamily (5 or more) residential properties | 48,484 | 10,737 | 6,748 | 136 | 66,105 |
| Non-owner occupied, nonfarmnonresidential properties | 44,084 | 133,372 | 59,338 | 923 | 237,717 |
| 1-4 Family Construction [1] | 187 | — | — | — | 187 |
| Home equity lines ofcredit | 5 | 78 | 331 | 282 | 696 |
| Residential Mortgages secured by first liens | 4,215 | 28,826 | 206,875 | 131,747 | 371,663 |
| Residential Mortgages secured by junior liens | 338 | 6,951 | 67,691 | 15,802 | 90,782 |
| Other revolving credit plans | 10 | 11 | 23 | 1 | 45 |
| Automobile | 720 | 14,521 | 4,498 | — | 19,739 |
| Other consumer | 4,340 | 30,889 | 8,467 | 7,662 | 51,358 |
| Credit cards | — | — | — | — | — |
| Overdrafts | — | — | — | — | — |
| Total | $ 201,532 | $ 479,862 | $ 513,463 | $ 201,469 | $ 1,396,326 |
| | | | | | |
| *Loans Receivable with Variable or Floating Interest Rate* | | | | | |
| Farmland | $ 1,913 | $ 4,226 | $ 7,972 | $ 7,643 | $ 21,754 |
| Owner-occupied, nonfarmnonresidential properties | 16,891 | 95,332 | 288,340 | 58,105 | 458,668 |
| Agricultural production and other loans to farmers | 770 | 36 | 5,520 | — | 6,326 |
| Commercial and Industrial | 278,015 | 76,661 | 57,852 | 1,506 | 414,034 |
| Obligations (other than securities and leases) ofstates and political subdivisions | 1,663 | 3,105 | 10,761 | 20,175 | 35,704 |
| Other loans | 2,105 | 2,504 | 8,096 | — | 12,705 |
| Other construction loans and all land development and other land loans [1] | 95,246 | 76,415 | 24,033 | 13,242 | 208,936 |
| Multifamily (5 or more) residential properties | 62,226 | 51,000 | 242,252 | 4,419 | 359,897 |
| Non-owner occupied, nonfarmnonresidential properties | 147,381 | 208,827 | 397,463 | 50,062 | 803,733 |
| 1-4 Family Construction [1] | 4,934 | 5,359 | 1,380 | 4,610 | 16,283 |
| Home equity lines ofcredit | 9,462 | 10,484 | 38,968 | 119,519 | 178,433 |
| Residential Mortgages secured by first liens | 18,950 | 24,546 | 128,817 | 458,993 | 631,306 |
| Residential Mortgages secured by junior liens | 1,544 | 454 | 13,205 | 1,001 | 16,204 |
| Other revolving credit plans | 8,238 | 2,198 | 23,606 | 1,273 | 35,315 |
| Automobile | — | — | — | — | — |
| Other consumer | 6 | 66 | 85 | 59 | 216 |
| Credit cards | 13,978 | — | — | — | 13,978 |
| Overdrafts | 191 | — | — | — | 191 |
| Total | $ 663,513 | $ 561,213 | $ 1,248,350 | $ 740,607 | $ 3,213,683 |

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

Loans Receivable Concentration

At March 31, 2025, no industry concentration existed which exceeded 10% of the total loan portfolio.

Loans Receivable Credit Quality

The following table presents information concerning the loan portfolio delinquency and other nonperforming assets at March 31, 2025 and December 31, 2024:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Nonaccrual loans | $ 54,079 | $ 56,323 |
| Accrual loans greater than 90 days past due | 308 | 653 |
| Total nonperforming loans | 54,387 | 56,976 |
| Other real estate owned | 1,664 | 2,509 |
| Total nonperforming assets | $ 56,051 | $ 59,485 |
| Total loans receivable | $ 4,610,009 | $ 4,608,956 |
| Nonaccrual loans as a percentage of total loans receivable | 1.17 % | 1.22 % |
| Total assets | $ 6,295,508 | $ 6,192,010 |
| Nonperforming assets as a percentage of total assets | 0.89 % | 0.96 % |
| Allowance for credit losses on loans receivable | $ 47,357 | $ 47,357 |
| Allowance for credit losses / Total loans | 1.03 % | 1.03 % |
| Ratio of allowance for credit losses to nonaccrual loans | 87.57 % | 84.08 % |

Total nonperforming assets were $56.1 million, or 0.89% of total assets, as of March 31, 2025, compared to $59.5 million, or 0.96% of total assets, as of December 31, 2024. In addition, the allowance for credit losses as a percentage of nonaccrual loans was 87.57% at March 31, 2025, compared to 84.08% at December 31, 2024. The decrease in nonperforming assets for the three months ended March 31, 2025, compared to December 31, 2024 was primarily due to paydowns to nonaccrual loans, charge-offs, and the sale of an other real estate owned property.

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

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

**ALLOWANCE FOR CREDIT LOSSES**

The amount of each allowance for credit losses account represents management's best estimate of current expected credit losses on these financial instruments considering available information, from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Relevant available information includes historical credit loss experience, current conditions, and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant internal and external factors. While management utilizes its best judgment and information available, the ultimate adequacy of the Corporation's allowance for credit losses account is dependent upon a variety of factors beyond the Corporation's control, including the performance of the Corporation's loan portfolios, the economy, changes in interest rates, and the view of the regulatory authorities toward classification of assets. The adequacy of the allowance for credit losses is subject to a formal analysis by the Credit Administration and Finance Departments of the Corporation. For additional information regarding the Corporation's accounting policies related to credit losses, refer to Note 1, "Summary of Significant Accounting Policies," to the consolidated financial statements in the 2024 Form 10-K and Note 4, "Loans Receivable and Allowance for Credit Losses," to these condensed consolidated financial statements elsewhere in this report.

The tables below provide an allocation of the allowance for credit losses on loans receivable by loan portfolio segment at March 31, 2025 and December 31, 2024; however, allocation of a portion of the allowance for credit losses to one segment does not preclude its availability to absorb losses in other segments.

| | March 31, 2025 | | | |
|---|---|---|---|---|
| | Amount of Allowance Allocated | Percent of Loans in Each Category to Total Loans Receivable | Total Loans Receivable | Ratio of Allowance Allocated to Loans Receivable in Each Category |
| Farmland | $ 161 | 0.64 % | $ 29,398 | 0.55 % |
| Owner-occupied, nonfarm nonresidential properties | 5,827 | 11.29 | 520,498 | 1.12 |
| Agricultural production and other loans to farmers | 39 | 0.14 | 6,405 | 0.61 |
| Commercial and Industrial | 7,210 | 15.37 | 708,690 | 1.02 |
| Obligations (other than securities and leases) of states and political subdivisions | 1,371 | 2.97 | 137,149 | 1.00 |
| Other loans | 326 | 0.59 | 27,457 | 1.19 |
| Other construction loans and all land development and other land loans | 2,569 | 6.22 | 286,564 | 0.90 |
| Multifamily (5 or more) residential properties | 3,092 | 9.24 | 426,002 | 0.73 |
| Non-owner occupied, nonfarm nonresidential properties | 10,172 | 22.59 | 1,041,450 | 0.98 |
| 1-4 Family Construction | 122 | 0.36 | 16,470 | 0.74 |
| Home equity lines of credit | 1,564 | 3.89 | 179,129 | 0.87 |
| Residential Mortgages secured by first liens | 9,099 | 21.76 | 1,002,969 | 0.91 |
| Residential Mortgages secured by junior liens | 1,451 | 2.32 | 106,986 | 1.36 |
| Other revolving credit plans | 855 | 0.77 | 35,360 | 2.42 |
| Automobile | 262 | 0.43 | 19,739 | 1.33 |
| Other consumer | 2,921 | 1.12 | 51,574 | 5.66 |
| Credit cards | 125 | 0.30 | 13,978 | 0.89 |
| Overdrafts | 191 | — | 191 | 100.00 |
| Total | $ 47,357 | 100.00 % | $ 4,610,009 | 1.03 % |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amount of Allowance Allocated | Percent of Loans in Each Category to Total Loans Receivable | Total Loans Receivable | Ratio of Allowance Allocated to Loans Receivable 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 | $ 47,357 | 100.00 % | $ 4,608,956 | 1.03 % |

The allowance for credit losses measured as a percentage of total loans receivable was 1.03% as of March 31, 2025 and 1.03% as of December 31, 2024.

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 three months ended March 31, 2025, the allowance for credit losses remained unchanged, reflecting stable credit quality in the loan portfolio. Significant uncertainty persists regarding the domestic and global economy due to changes to U.S. tariffs and corresponding policy changes by U.S. trading partners, continued 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 4, "Loans Receivable and Allowance for Credit Losses," to the condensed consolidated financial statements provides further disclosure of loan balances by portfolio segment as of March 31, 2025 and December 31, 2024.

Additional information related to provision for credit loss expense and net charge-offs and recoveries for the three months ended March 31, 2025 and 2024 is presented in the tables below.

| | Three Months Ended March 31, 2025 | | | |
|---|---|---|---|---|
| | 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 | $ (6) | $ — | $ 30,912 | — % |
| Owner-occupied, nonfarm nonresidential properties | 140 | (9) | 530,038 | (0.01) |
| Agricultural production and other loans to farmers | 2 | — | 6,574 | — |
| Commercial and Industrial | 101 | (650) | 727,769 | (0.36) |
| Obligations (other than securities and leases) of states and political subdivisions | 2 | — | 142,098 | — |
| Other loans | (3) | — | 28,932 | — |
| Other construction loans and all land development and other land loans | (2) | — | 277,841 | — |
| Multifamily (5 or more) residential properties | 123 | — | 402,532 | — |
| Non-owner occupied, nonfarm nonresidential properties | 62 | — | 1,006,641 | — |
| 1-4 Family Construction | (76) | — | 20,584 | — |
| Home equity lines of credit | 224 | — | 172,126 | — |
| Residential Mortgages secured by first liens | 175 | (34) | 1,014,716 | (0.01) |
| Residential Mortgages secured by junior liens | 108 | — | 106,878 | — |
| Other revolving credit plans | (103) | (2) | 36,608 | (0.02) |
| Automobile | (13) | — | 20,314 | — |
| Other consumer | 584 | (555) | 52,237 | (4.31) |
| Credit cards | 116 | (118) | 14,352 | (3.33) |
| Overdrafts | 5 | (71) | 243 | (118.50) |
| Total | $ 1,439 | $ (1,439) | $ 4,591,395 | (0.13)% |

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

| | Three Months Ended March 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 | $ 9 | $ — | $ 32,243 | — % |
| Owner-occupied, nonfarm nonresidential properties | 1,111 | (587) | 511,312 | (0.46) |
| Agricultural production and other loans to farmers | 1 | — | 1,685 | — |
| Commercial and Industrial | (418) | (42) | 704,491 | (0.02) |
| Obligations (other than securities and leases) of states and political subdivisions | (76) | — | 154,633 | — |
| Other loans | (9) | — | 25,354 | — |
| Other construction loans and all land development and other land loans | 222 | — | 496,852 | — |
| Multifamily (5 or more) residential properties | 37 | — | 246,482 | — |
| Non-owner occupied, nonfarm nonresidential properties | (385) | — | 865,378 | — |
| 1-4 Family Construction | (53) | — | 48,023 | — |
| Home equity lines of credit | 65 | 1 | 131,950 | — |
| Residential Mortgages secured by first liens | 382 | (64) | 989,734 | (0.03) |
| Residential Mortgages secured by junior liens | (45) | — | 91,756 | — |
| Other revolving credit plans | (107) | (12) | 40,814 | (0.12) |
| Automobile | (47) | (7) | 24,302 | (0.12) |
| Other consumer | 548 | (490) | 50,572 | (3.90) |
| Credit cards | 27 | (24) | 12,912 | (0.75) |
| Overdrafts | 82 | (119) | 258 | (185.51) |
| Total | $ 1,344 | $ (1,344) | $ 4,428,751 | (0.12)% |

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

Provision for credit losses was $1.6 million for the three months ended March 31, 2025, compared to $1.3 million for the three months ended March 31, 2024. Included in the provision for credit losses for the three months ended March 31, 2025 was $117 thousand related to the allowance for unfunded commitments compared to $24 thousand benefit towards the allowance for unfunded commitments for the three months ended March 31, 2024.

**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.

| | March 31, 2025 | Percent of Deposits in Each Category to Total Deposits | December 31, 2024 | Percent of Deposits in Each Category to Total Deposits | Percentage Change in Each Category 2025 vs. 2024 |
|---|---|---|---|---|---|
| Demand, noninterest-bearing | $ 842,398 | 15.4 % | $ 819,680 | 15.2 % | 2.8% |
| Demand, interest-bearing | 719,460 | 13.2 | 706,796 | 13.2 | 1.8 |
| Savings deposits | 3,160,618 | 57.9 | 3,122,028 | 58.1 | 1.2 |
| Time deposits | 737,602 | 13.5 | 722,860 | 13.5 | 2.0 |
| Total deposits | $ 5,460,078 | 100.0 % | $ 5,371,364 | 100.0 % | 1.7% |

At March 31, 2025, total deposits were $5.5 billion, reflecting an increase of $88.7 million, or 1.65%, from December 31, 2024. The increase in deposit balances was driven by higher retail and municipal deposits, coupled with growth in retail time deposits.

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

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Average Amount | Annual Rate | Average Amount | Annual Rate |
| Demand, noninterest-bearing | $ 814,441 | —% | $ 736,965 | —% |
| Demand, interest-bearing | 704,874 | 0.88 | 739,931 | 0.65 |
| Savings deposits | 3,131,697 | 3.09 | 2,965,279 | 3.47 |
| Time deposits | 738,129 | 3.99 | 523,925 | 3.64 |
| Total | $ 5,389,141 | | $ 4,966,100 | |

At March 31, 2025, the average deposit balance per account for the Bank was approximately $34 thousand, which has remained stable at this level for an extended period.

The following table presents additional information about our March 31, 2025 and December 31, 2024 deposits:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Time deposits not covered by deposit insurance | $ 61,619 | $ 58,330 |
| Total deposits not covered by deposit insurance | 1,554,285 | 1,516,839 |

At March 31, 2025, the total estimated uninsured deposits for the Bank were approximately $1.6 billion, or approximately 27.94% of total Bank deposits. However, when excluding $101.9 million of affiliate company deposits and $481.2 million of pledged-investment collateralized deposits, the adjusted amount and percentage of total estimated uninsured deposits was approximately $971.1 million, or approximately 17.46% of total Bank deposits as of March 31, 2025.

At December 31, 2024, the total estimated uninsured deposits for the Bank were approximately $1.5 billion, or approximately 27.71% of total 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 Bank deposits as of December 31, 2024.

Scheduled maturities of time deposits not covered by deposit insurance at March 31, 2025 were as follows:

| | March 31, 2025 |
|---|---|
| 3 months or less | $ 8,250 |
| Over 3 through 6 months | 9,540 |
| Over 6 through 12 months | 39,515 |
| Over 12 months | 4,314 |
| Total | $ 61,619 |

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity

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

The Corporation’s expected material cash requirements for the twelve months ended March 31, 2026 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 the balance between sources and uses of funds as deemed appropriate. Liquidity risk management is an important element in the Corporation's asset/liability management process. The Corporation regularly models liquidity stress scenarios to assess potential liquidity outflows or potential funding shortfalls resulting from economic disruptions, volatility in the financial markets, unexpected credit events or other significant occurrences deemed problematic by management. These scenarios are incorporated into the Corporation's contingency funding plan, which provides the basis for the identification of its liquidity needs.

At March 31, 2025, the Corporation’s cash and cash equivalents position was approximately $520.2 million, including liquidity of $447.1 million held at the Federal Reserve. These excess funds, when combined with $4.7 billion in (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 available liquidity sources for the Corporation to be approximately 5.3 times the estimated amount of adjusted uninsured deposit balances discussed above.

The following table summarizes the Corporation's net available liquidity and borrowing capacities as of March 31, 2025:

| | Net Available |
|---|---|
| FHLB borrowing capacity [1] | $ 1,231,650 |
| Federal Reserve borrowing capacity [2] | 496,532 |
| Brokered deposits [3] | 2,068,431 |
| Other third-party funding channels [3] [4] | 887,543 |
| Total net available liquidity and borrowing capacity | $ 4,684,156 |

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

As of March 31, 2025, management is not aware of any events that are reasonably likely to have a material adverse effect on the Corporation's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on the Corporation.

In the ordinary course of business, the Corporation has entered into contractual obligations and have made other commitments to make future payments. Refer to the accompanying notes to condensed consolidated financial statements elsewhere in this report for the expected timing of such payments as of March 31, 2025. The Corporation’s material contractual obligations as of March 31, 2025 consist of (i) long-term borrowings - Note 7, "Borrowings," (ii) operating leases - Note 5, "Leases," (iii) time deposits with stated maturity dates - Note 6, "Deposits," and (iv) commitments to extend credit and standby letters of credit - Note 9, "Off-Balance Sheet Commitments and Contingencies."

Shareholders’ Equity, Capital Ratios and Metrics

As of March 31, 2025, the Corporation’s total shareholders’ equity was $624.5 million, representing an increase of $13.8 million, or 2.26%, from December 31, 2024, primarily due to 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 available-for-sale portfolio.

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

As of March 31, 2025 all of the Corporation's capital ratios exceeded regulatory "well-capitalized" levels. The Corporation's capital ratios and book value per common share at March 31, 2025 and December 31, 2024 were as follows:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Total risk-based ratio | 16.30 % | 16.16 % |
| Tier 1 risk-based ratio | 13.50 % | 13.41 % |
| Common equity tier 1 ratio | 11.85 % | 11.76 % |
| Tier 1 leverage ratio | 10.27 % | 10.43 % |
| Common shareholders' equity/total assets | 9.00 % | 8.93 % |
| Tangible common equity/tangible assets [1] | 8.36 % | 8.28 % |
| Tangible common equity/tangible assets (excluding merger costs) [1] | 8.38 % | 8.28 % |
| Book value per common share | $ 27.01 | $ 26.34 |
| Book value per common share (excluding merger costs) [1] | $ 27.08 | $ 26.34 |
| Tangible book value per common share [1] | $ 24.91 | $ 24.24 |
| Tangible book value per common share (excluding merger costs) [1] | $ 24.98 | $ 24.24 |

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

At March 31, 2025, the Corporation's pre-tax net unrealized losses on available-for-sale and held-to-maturity securities totaled approximately $61.7 million, or 9.88% of total shareholders' equity, compared to $74.8 million, or 12.25% of total shareholders' equity at December 31, 2024. The change in unrealized losses was primarily due to changes in the yield curve during the first quarter of 2025 compared to 2024, coupled with the Corporation's scheduled bond maturities, which were all realized at par. Importantly, all regulatory capital ratios for the Corporation would exceed regulatory "well-capitalized" levels as of both March 31, 2025 and December 31, 2024 if the net unrealized losses at the respective dates were fully recognized. Additionally, the Corporation continued to maintain excess liquidity totaling approximately $100.7 million of liquid funds at March 31, 2025, which more than covers the $61.7 million in combined available-for-sale and held-to-maturity unrealized losses on investments held primarily in its wholly-owned banking subsidiary, as an immediately available source of contingent capital to be down-streamed to the Bank, if necessary.

**AVERAGE BALANCES, INTEREST RATES AND YIELDS**

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

The following table presents average balances of certain measures of our financial condition and net interest margin for the three months ended March 31, 2025 and 2024:

| | Average Balances, Income and Interest Rates on a Taxable Equivalent Basis | | | | | |
|---|---|---|---|---|---|---|
| | For the Three Months Ended, | | | | | |
| | March 31, 2025 | | | March 31, 2024 | | |
| | Average Balance | Annual Rate | Interest Inc./Exp. | Average Balance | Annual Rate | Interest Inc./Exp. |
| ASSETS: | | | | | | |
| Securities: | | | | | | |
| Taxable [1] [4] | $ 765,654 | 2.73 % | $ 5,461 | $ 696,851 | 1.96 % | $ 3,651 |
| Tax-exempt [1] [2] [4] | 25,345 | 2.69 | 181 | 27,743 | 2.59 | 191 |
| Equity securities [1] [2] | 7,428 | 5.84 | 107 | 6,772 | 5.64 | 95 |
| Total securities [4] | 798,427 | 2.75 | 5,749 | 731,366 | 2.01 | 3,937 |
| Loans receivable: | | | | | | |
| Commercial [2] [3] | 1,466,323 | 6.74 | 24,369 | 1,429,718 | 6.90 | 24,519 |
| Mortgage and loans held for sale [2] [3] | 3,001,317 | 6.02 | 44,572 | 2,870,175 | 6.08 | 43,403 |
| Consumer [3] | 123,755 | 12.01 | 3,665 | 128,858 | 11.79 | 3,778 |
| Total loans receivable [3] | 4,591,395 | 6.41 | 72,606 | 4,428,751 | 6.51 | 71,700 |
| Interest-bearing deposits with the Federal Reserve and other financial institutions | 413,704 | 4.20 | 4,284 | 190,009 | 5.26 | 2,485 |
| Total earning assets | 5,803,526 | 5.73 | $ 82,639 | 5,350,126 | 5.81 | $ 78,122 |
| Noninterest-bearing assets: | | | | | | |
| Cash and cash equivalents due frombanks | 58,152 | | | 53,523 | | |
| Premises and equipment | 129,188 | | | 110,038 | | |
| Other assets | 277,051 | | | 261,863 | | |
| Allowance for credit losses | (47,342) | | | (45,771) | | |
| Total non interest-bearing assets | 417,049 | | | 379,653 | | |
| TOTAL ASSETS | $ 6,220,575 | | | $ 5,729,779 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | | | | | |
| Demand—interest-bearing | $ 704,874 | 0.88 % | $ 1,527 | $ 739,931 | 0.65 % | $ 1,195 |
| Savings | 3,131,697 | 3.09 | 23,840 | 2,965,279 | 3.47 | 25,611 |
| Time | 738,129 | 3.99 | 7,267 | 523,925 | 3.64 | 4,742 |
| Total interest-bearing deposits | 4,574,700 | 2.89 | 32,634 | 4,229,135 | 3.00 | 31,548 |
| Short-termborrowings | — | 0.00 | — | — | 0.00 | — |
| Finance lease liabilities | 15,143 | 6.32 | 236 | 282 | 4.28 | 3 |
| Subordinated notes and debentures | 105,228 | 4.15 | 1,078 | 104,925 | 4.34 | 1,132 |
| Total interest-bearing liabilities | 4,695,071 | 2.93 | $ 33,948 | 4,334,342 | 3.03 | $ 32,683 |
| Demand—noninterest-bearing | 814,441 | | | 736,965 | | |
| Other liabilities | 91,654 | | | 81,944 | | |
| Total liabilities | 5,601,166 | | | 5,153,251 | | |
| Shareholders' equity | 619,409 | | | 576,528 | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 6,220,575 | | | $ 5,729,779 | | |
| Interest income/Earning assets | | 5.73 % | $ 82,639 | | 5.81 % | $ 78,122 |
| Interest expense/Interest-bearing liabilities | | 2.93 | 33,948 | | 3.03 | 32,683 |
| Net interest spread | | 2.80 % | $ 48,691 | | 2.78 % | $ 45,439 |
| Interest income/Earning assets | | 5.73 % | $ 82,639 | | 5.81 % | $ 78,122 |
| Interest expense/Earning assets | | 2.36 | 33,948 | | 2.43 | 32,683 |
| Net interest margin (fully tax-equivalent) | | 3.37 % | $ 48,691 | | 3.38 % | $ 45,439 |

[1] Includes unamortized discounts and premiums.
[2] Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the three months ended March 31, 2025 and 2024 was $260 thousand and $217 thousand, 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 securities and amortized cost of HTM securities. Average yield has been computed using amortized cost average balance for AFS and HTM securities. The adjustment to the average balance for securities in the calculation of average yield for the three months ended March 31, 2025 and 2024 was $(48.1) million and $(55.1) million, respectively.

**VOLUME ANALYSIS OF CHANGES IN NET INTEREST INCOME**

The following table presents the change in net interest income for the three months ended March 31, 2025 and 2024:

| Net Interest Income Rate-Volume Variance | For Three Months Ended March 31, 2025 over (under) March 31, 2024 Due to Change In (1) | | |
|---|---|---|---|
| | Volume | Rate | Net |
| **Assets** | | | |
| Securities: | | | |
| Taxable | $ 356 | $ 1,454 | $ 1,810 |
| Tax-exempt (2) | (16) | 6 | (10) |
| Equity securities (2) | 8 | 4 | 12 |
| Total securities | 348 | 1,464 | 1,812 |
| Loans receivable: | | | |
| Commercial (2) | 428 | (578) | (150) |
| Mortgage (2) (3) | 1,613 | (444) | 1,169 |
| Consumer | (180) | 67 | (113) |
| Total loans receivable | 1,861 | (955) | 906 |
| Other earning assets | 2,880 | (1,081) | 1,799 |
| **Total Earning Assets** | $ 5,089 | $ (572) | $ 4,517 |
| | | | |
| **Liabilities and Shareholders' Equity** | | | |
| **Interest-Bearing Deposits** | | | |
| Demand – interest-bearing | $ (68) | $ 400 | $ 332 |
| Savings | 1,163 | (2,934) | (1,771) |
| Time | 1,888 | 637 | 2,525 |
| Total interest-bearing deposits | 2,983 | (1,897) | 1,086 |
| Short-Term Borrowings | — | — | — |
| Finance lease liabilities | 157 | 76 | 233 |
| Subordinated debentures | (5) | (49) | (54) |
| **Total Interest-Bearing Liabilities** | $ 3,135 | $ (1,870) | $ 1,265 |
| | | | |
| **Change in Net Interest Income** | $ 1,954 | $ 1,298 | $ 3,252 |

(1) Changes in interest income or expense not arising solely as a result of volume or rate variances are allocated to volume changes.
(2) Changes in interest income on tax-exempt securities and loans receivable are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the three months ended March 31, 2025 and March 31, 2024.
(3) Includes loans held for sale.

## RESULTS OF OPERATIONS
## Three Months Ended March 31, 2025 and 2024

### OVERVIEW

Net income available to common shareholders ("earnings") was $10.4 million, or $0.50 per diluted share, for the three months ended March 31, 2025. Excluding after-tax merger costs, earnings were $11.9 million, or $0.57 per diluted share for the three months ended March 31, 2025. The Corporation's earnings for the three months ended March 31, 2024 were $11.5 million, or $0.55 per diluted share. Excluding after-tax merger costs, the increase in diluted earnings per share comparing the three months ended March 31, 2025 to the three months ended March 31, 2024 was primarily due to an increase in net interest income, partially offset by increases in non-interest expense and the provision for credit losses, coupled with a decrease in non-interest income.

Annualized return on average equity was 7.52% for the three months ended March 31, 2025, compared to 8.79% for the three months ended March 31, 2024. Annualized return on average tangible common equity, a non-GAAP measure, was 8.15% for the three months ended March 31, 2025, compared to 9.77% for the three months ended March 31, 2024.

The Corporation's efficiency ratio was 72.07% for the three months ended March 31, 2025, compared to 69.08% for the three months ended March 31, 2024. The efficiency ratio on a fully tax-equivalent basis, a non-GAAP ratio, was 71.28% for the three months ended March 31, 2025, compared to 68.29% for the three months ended March 31, 2024. Excluding merger costs, the efficiency ratio on a fully tax-equivalent basis, a non-GAAP measure was 68.62% compared to 68.29% for the three months ended March 31, 2024.

### NET INTEREST INCOME

Net interest income was $48.4 million for the three months ended March 31, 2025, compared to $45.2 million for the three months ended March 31, 2024. When comparing the first quarter of 2025 to the first quarter of 2024, the increase in net interest income of $3.2 million, or 7.10%, was primarily due to an increase in the Corporation's interest income as a result of the increase in total loans outstanding quarter over quarter, partially offset by targeted interest-bearing deposit rate increases to ensure both deposit relationship retention and new deposit growth in the Corporation's markets.

Net interest margin was 3.38% and 3.40% for the three months ended March 31, 2025 and March 31, 2024, respectively. Net interest margin on a fully tax-equivalent basis, a non-GAAP measure, was 3.37% and 3.38%, for the three months ended March 31, 2025 and March 31, 2024, respectively.

The yield on earning assets of 5.73% for the three months ended March 31, 2025 decreased 8 basis points from March 31, 2024, primarily attributable to the net impact of declining interest rates on variable and floating-rate loans as a result of the Federal Reserve decreases since mid-September 2024, coupled with changes in the yield curve.

### PROVISION FOR CREDIT LOSSES

The provision for credit losses was $1.6 million and $1.3 million for the three months ended March 31, 2025 and March 31, 2024, respectively.

Management believes the charges to the provision for credit losses for the three months ended March 31, 2025 were appropriate and the allowance for credit losses was adequate to absorb current expected credit losses in the loan portfolio at March 31, 2025.

### NON-INTEREST INCOME

Total non-interest income was $8.5 million for the three months ended March 31, 2025 compared to $9.0 million for the three months ended March 31, 2024. The decrease during the three months ended March 31, 2025, compared to the three months ended March 31, 2024, was primarily due to increases in unrealized losses on equity securities and mortgage banking income, partially offset by higher pass-through income SBICs.

**NON-INTEREST EXPENSE**

For the three months ended March 31, 2025, total non-interest expense was $41.0 million, compared to $37.4 million for the three months ended March 31, 2024. Excluding merger costs, the increase from the three months ended March 31, 2024 was primarily a result of higher salaries and benefits reflecting increased incentive compensation accruals and higher health insurance costs. Additionally, technology expense increased, primarily due to higher core processing charges associated with growth. These increases were partially offset by a decline in legal expenses. In addition, card processing and interchange expense for the first quarter of 2025 was $1.2 million, or 55.05% of card processing and interchange income, compared to $1.2 million, or 58.48% of card processing and interchange income for the first quarter of 2024.

**INCOME TAX EXPENSE**

Income tax expense was $2.9 million, representing a 19.96% effective tax rate, compared to $2.8 million, representing a 18.36% effective tax rate for the three months ended March 31, 2025 and 2024, respectively.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**CRITICAL ACCOUNTING POLICIES**

The Corporation's accounting and reporting policies are in accordance with GAAP and conform to general practices within the financial services industry. Accounting and reporting practices for the allowance for credit losses and the fair value of assets acquired and liabilities assumed in connection with business combinations, including the associated goodwill and intangibles that was recorded, required the use of material estimates. Application of assumptions different than those used by management could result in material changes in the Corporation's financial position or results of operations. Note 1, "Summary of Significant Accounting Policies," and Note 3, "Loans Receivable and Allowance for Credit Losses," of the 2024 Form 10-K provide additional detail with regard to the Corporation's accounting for the allowance for credit losses and loans receivable. There have been no other significant changes in the application of accounting policies since December 31, 2024.

**NON-GAAP FINANCIAL MEASURES**

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

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Calculation of merger costs, net of tax (non-GAAP):** | | |
| Merger costs - non deductible | $ 1,327 | $ — |
| Merger costs - deductible | 202 | — |
| Statutory federal tax rate | 21 % | 21 % |
| Tax benefit of merger costs (non-GAAP) | 42 | — |
| Merger costs, net of tax (non-GAAP) | 160 | — |
| Merger costs, net of tax (non-GAAP) | $ 1,487 | $ — |

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Calculation of net income available to common (GAAP):** | | |
| Net income | $ 11,481 | $ 12,600 |
| Less: preferred stock dividends | 1,075 | 1,075 |
| Net income available to common shareholders | $ 10,406 | $ 11,525 |
| **Adjusted calculation of net income available to common (non-GAAP):** | | |
| Net income available to common shareholders | $ 10,406 | $ 11,525 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Adjusted net income available to common shareholders (non-GAAP): | $ 11,893 | $ 11,525 |

| | (unaudited) March 31, 2025 | (unaudited) December 31, 2024 |
|---|---|---|
| **Calculation of tangible book value per common share and tangible common equity/tangible assets (non-GAAP):** | | |
| Shareholders' equity | $ 624,508 | $ 610,695 |
| Less: preferred equity | 57,785 | 57,785 |
| Common shareholders' equity | 566,723 | 552,910 |
| Less: goodwill and other intangibles | 43,874 | 43,874 |
| Less: core deposit intangible | 190 | 206 |
| Tangible common equity (non-GAAP) | $ 522,659 | $ 508,830 |
| Total assets | $ 6,295,508 | $ 6,192,010 |
| Less: goodwill and other intangibles | 43,874 | 43,874 |
| Less: core deposit intangible | 190 | 206 |
| Tangible assets (non-GAAP) | $ 6,251,444 | $ 6,147,930 |
| Ending shares outstanding | 20,980,245 | 20,987,992 |
| Book value per common share (GAAP) | $ 27.01 | $ 26.34 |
| Tangible book value per common share (non-GAAP) | $ 24.91 | $ 24.24 |
| Common shareholders' equity / Total assets (GAAP) | 9.00 % | 8.93 % |
| Tangible common equity / Tangible assets (non-GAAP) | 8.36 % | 8.28 % |
| **Adjusted calculation of book value per common share (non-GAAP):** | | |
| Common shareholders' equity | $ 566,723 | $ 552,910 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Adjusted common shareholders' equity (non-GAAP) | $ 568,210 | $ 552,910 |
| Ending shares outstanding | 20,980,245 | 20,987,992 |
| Adjusted book value per common share (non-GAAP) | $ 27.08 | $ 26.34 |
| **Adjusted calculation of tangible book value per common share (non-GAAP):** | | |
| Tangible common equity (non-GAAP) | $ 522,659 | $ 508,830 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Adjusted tangible common equity (non-GAAP) | $ 524,146 | $ 508,830 |
| Ending shares outstanding | 20,980,245 | 20,987,992 |
| Adjusted book value per common share (non-GAAP) | $ 24.98 | $ 24.24 |
| **Adjusted calculation of tangible common equity/tangible assets (non-GAAP):** | | |
| Adjusted common shareholders' equity (non-GAAP) | $ 524,146 | $ 508,830 |
| Tangible assets (non-GAAP) | $ 6,251,444 | $ 6,147,930 |
| Add: Merger costs | 1,529 | — |
| Adjusted tangible assets (non-GAAP) | $ 6,252,973 | $ 6,147,930 |
| Adjusted tangible common equity / Adjusted tangible assets (non-GAAP) | 8.38 % | 8.28 % |

**NON-GAAP FINANCIAL MEASURES (continued)**

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Calculation of efficiency ratio:** | | |
| Non-interest expense | $ 41,038 | $ 37,424 |
| Non-interest income | $ 8,507 | $ 8,955 |
| Net interest income | 48,431 | 45,222 |
| Total revenue | $ 56,938 | $ 54,177 |
| Efficiency ratio | 72.07 % | 69.08 % |
| **Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):** | | |
| Non-interest expense | $ 41,038 | $ 37,424 |
| Less: core deposit intangible amortization | 17 | 20 |
| Adjusted non-interest expense (non-GAAP) | $ 41,021 | $ 37,404 |
| Non-interest income | $ 8,507 | $ 8,955 |
| Net interest income | $ 48,431 | $ 45,222 |
| Less: tax exempt investment and loan income, net of TEFRA (non-GAAP) | 1,464 | 1,337 |
| Add: tax exempt investment and loan income (fully tax equivalent basis) (non-GAAP) | 2,076 | 1,932 |
| Adjusted net interest income (fully tax equivalent basis) (non-GAAP) | 49,043 | 45,817 |
| Adjusted net revenue (fully tax equivalent basis) (non-GAAP) | $ 57,550 | $ 54,772 |
| Efficiency ratio (fully tax equivalent basis) (non-GAAP) | 71.28 % | 68.29 % |
| **Adjusted calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):** | | |
| Adjusted non-interest expense (non-GAAP) | $ 41,021 | $ 37,404 |
| Less: Merger costs (non-GAAP) | 1,529 | — |
| Adjusted non-interest expense (non-GAAP) | $ 39,492 | $ 37,404 |
| Adjusted net revenue (fully tax equivalent basis) (non-GAAP) | $ 57,550 | $ 54,772 |
| Adjusted efficiency ratio (fully tax equivalent basis) (non-GAAP) | 68.62 % | 68.29 % |

**NON-GAAP FINANCIAL MEASURES (continued)**

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Calculation of net interest margin:** | | |
| Interest income | $ 82,379 | $ 77,905 |
| Interest expense | 33,948 | 32,683 |
| Net interest income | $ 48,431 | $ 45,222 |
| Average total earning assets | $ 5,803,526 | $ 5,350,126 |
| Net interest margin (GAAP) (annualized) | 3.38 % | 3.40 % |
| **Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):** | | |
| Interest income | $ 82,379 | $ 77,905 |
| Tax equivalent adjustment (non-GAAP) | 260 | 217 |
| Adjusted interest income (fully tax equivalent basis) (non-GAAP) | 82,639 | 78,122 |
| Interest expense | 33,948 | 32,683 |
| Net interest income (fully tax equivalent basis) (non-GAAP) | $ 48,691 | $ 45,439 |
| Average total earning assets | $ 5,803,526 | $ 5,350,126 |
| Less: average mark to market adjustment on investments (non-GAAP) | (48,070) | (55,146) |
| Adjusted average total earning assets, net of mark to market (non-GAAP) | $ 5,851,596 | $ 5,405,272 |
| Net interest margin, fully tax equivalent basis (non-GAAP) (annualized) | 3.37 % | 3.38 % |

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Calculation of PPNR (non-GAAP):** [1] | | |
| Net interest income | $ 48,431 | $ 45,222 |
| Add: Non-interest income | 8,507 | 8,955 |
| Less: Non-interest expense | 41,038 | 37,424 |
| PPNR (non-GAAP) | $ 15,900 | $ 16,753 |
| **Adjusted calculation of PPNR (non-GAAP):** [1] | | |
| Net interest income | $ 48,431 | $ 45,222 |
| Add: Non-interest income | 8,507 | 8,955 |
| Less: Non-interest expense | 41,038 | 37,424 |
| Add: merger costs | 1,529 | — |
| Adjusted PPNR (non-GAAP) | $ 17,429 | $ 16,753 |

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

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Basic earnings per common share computation:** | | |
| Net income available to common shareholders | $ 10,406 | $ 11,525 |
| Less: net income available to common shareholders allocated to participating securities | 57 | 92 |
| Net income available to common shareholders allocated to common stock | $ 10,349 | $ 11,433 |
| Weighted average common shares outstanding, including shares considered participating securities | 20,981 | 20,979 |
| Less: average participating securities | 114 | 155 |
| Weighted average shares | 20,867 | 20,824 |
| Basic earnings per common share | $ 0.50 | $ 0.55 |
| **Diluted earnings per common share computation:** | | |
| Net income available to common shareholders allocated to common stock | $ 10,349 | $ 11,433 |
| Weighted average common shares outstanding for basic earnings per common share | 20,867 | 20,824 |
| Add: Dilutive effect of stock compensation | 58 | 63 |
| Weighted average shares and dilutive potential common shares | 20,925 | 20,887 |
| Diluted earnings per common share | $ 0.50 | $ 0.55 |
| **Adjusted basic earnings per common share computation (non-GAAP):** | | |
| Net income available to common shareholders | $ 10,406 | $ 11,525 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Less: net income available to common shareholders allocated to participating securities | 57 | 92 |
| Less: Adjustment to net income available to common shareholders allocated to participating securities for merger cost impact, net of tax (non-GAAP) | 8 | — |
| Adjusted net income available to common shareholders allocated to common stock (non-GAAP) | $ 11,828 | $ 11,433 |
| Weighted average common shares outstanding, including shares considered participating securities | 20,981 | 20,979 |
| Less: Average participating securities | 114 | 155 |
| Weighted average shares | 20,867 | 20,824 |
| Adjusted basic earnings per common share (non-GAAP) | $ 0.57 | $ 0.55 |
| **Adjusted diluted earnings per common share computation (non-GAAP):** | | |
| Adjusted net income available to common shareholders allocated to common stock (non-GAAP) | $ 11,828 | $ 11,433 |
| Weighted average common shares outstanding for basic earnings per common share | 20,867 | 20,824 |
| Add: Dilutive effect of stock compensation | 58 | 63 |
| Weighted average shares and dilutive potential common shares | 20,925 | 20,887 |
| Adjusted diluted earnings per common share (non-GAAP) | $ 0.57 | $ 0.55 |

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Calculation of dividend payout ratio:** | | |
| Cash dividends per common share | $ 0.180 | $ 0.175 |
| Diluted earnings per common share | 0.50 | 0.55 |
| Dividend payout ratio | 36.00 % | 31.82 % |
| **Adjusted calculation of dividend payout ratio (non-GAAP):** | | |
| Cash dividends per common share | $ 0.180 | $ 0.175 |
| Adjusted diluted earnings per common share (non-GAAP) | 0.57 | 0.55 |
| Adjusted dividend payout ratio (non-GAAP) | 31.58 % | 31.82 % |

**NON-GAAP FINANCIAL MEASURES (continued)**

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Calculation of return on average assets:** | | |
| Net income | $ 11,481 | $ 12,600 |
| Average total assets | $ 6,220,575 | $ 5,729,779 |
| Return on average assets (GAAP) (annualized) | 0.75 % | 0.88 % |
| **Adjusted calculation of return on average assets (non-GAAP):** | | |
| Net income | $ 11,481 | $ 12,600 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Adjusted net income | $ 12,968 | $ 12,600 |
| Average total assets | $ 6,220,575 | $ 5,729,779 |
| Adjusted return on average assets (GAAP) (annualized) | 0.85 % | 0.88 % |

| | (unaudited) Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Calculation of return on average tangible common equity (non-GAAP):** | | |
| Net income | $ 11,481 | $ 12,600 |
| Less: preferred stock dividends | 1,075 | 1,075 |
| Net income available to common shareholders | $ 10,406 | $ 11,525 |
| Average shareholders' equity | $ 619,409 | $ 576,528 |
| Less: average goodwill & intangibles | 44,074 | 44,147 |
| Less: average preferred equity | 57,785 | 57,785 |
| Average tangible common shareholders' equity (non-GAAP) | $ 517,550 | $ 474,596 |
| Return on average equity (GAAP) (annualized) | 7.52 % | 8.79 % |
| Return on average common equity (GAAP) (annualized) | 7.51 % | 8.94 % |
| Return on average tangible common equity (non-GAAP) (annualized) | 8.15 % | 9.77 % |
| **Adjusted calculation of return on average equity (non-GAAP):** | | |
| Net income | $ 11,481 | $ 12,600 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Adjusted net income (non-GAAP) | $ 12,968 | $ 12,600 |
| Average shareholders' equity | $ 619,409 | $ 576,528 |
| Adjusted return on average equity (GAAP) (annualized) | 8.49 % | 8.79 % |
| **Adjusted calculation of return on average tangible common equity (non-GAAP):** | | |
| Net income available to common shareholders | $ 10,406 | $ 11,525 |
| Add: Merger costs, net of tax (non-GAAP) | 1,487 | — |
| Adjusted net income available to common shareholders | $ 11,893 | $ 11,525 |
| Average tangible common shareholders' equity (non-GAAP) | $ 517,550 | $ 474,596 |
| Adjusted return on average tangible common equity (non-GAAP) (annualized) | 9.32 % | 9.77 % |

## ITEM 3

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As a financial institution, the Corporation's primary source of market risk exposure is interest rate risk, which 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 | |
|---|---|---|
| | March 31, 2025 | December 31, 2024 |
| +300 basis points | 1.9% | (0.2)% |
| +200 basis points | 1.8% | 0.5% |
| +100 basis points | 1.2% | 0.5% |
| -100 basis points | (1.5)% | (1.1)% |
| -200 basis points | (2.5)% | (1.4)% |
| -300 basis points | (3.6)% | (3.3)% |

At March 31, 2025, the Corporation has approximately $2.5 billion in outstanding loans receivable balances that are rate sensitive balances over the next twelve months.

## ITEM 4

## CONTROLS AND PROCEDURES

The Corporation's management, under the supervision of and with the participation of the Corporation's Principal Executive Officer and Principal Financial Officer, has carried out an evaluation of the design and effectiveness of the Corporation's disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended, 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, as amended, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no significant change in the Corporation's internal control over financial reporting that occurred during the quarter ended March 31, 2025 that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

## PART II
## OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A of the 2024 Form 10-K.

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

The following table provides information with respect to any purchase of shares of the Corporation's common stock made by or on behalf of the Corporation for the quarter ended March 31, 2025.

| Period | Total Number of Shares Purchased | Average Price Paid per Common Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs [1] |
|---|---|---|---|---|
| January 1 – 31, 2025 | — | $ — | — | 500,000 |
| February 1 – 28, 2025 | — | — | — | 500,000 |
| March 1 – 31, 2025 | — | — | — | 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 March 31, 2025, there were 500,000 shares remaining for repurchase under the 2024 Plan.

Additionally, during the quarter ended March 31, 2025, certain employees surrendered shares of common stock owned by them to satisfy their statutory minimum U.S. federal and state tax obligations associated with the vesting of shares of restricted common stock issued under the CNB Financial Corporation 2019 Omnibus Incentive Plan.

Dividend Restrictions

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

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

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

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

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

***Rule 10b5-1 Trading Plans***

During the quarter ended March 31, 2025, none of the Corporation’s directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Corporation securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**ITEM 6. EXHIBITS**

| Exhibit No. | Description |
|---|---|
| 3.1 | Third Amended and Restated Articles of Incorporation of CNB Financial Corporation (incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed on April 18, 2024) |
| 3.2 | Third Amended and Restated Bylaws of CNB Financial Corporation (incorporated by reference to Exhibit 3.2 to the Corporation's Current Report on Form 8-K filed on April 18, 2024) |
| 10.1[(1)] | CNB Financial Corporation 2025 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Corporation's Form S-8 filed on April 15, 2025) |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definitions Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101) |

(1) Indicates a management contract or compensatory plan.

**SIGNATURES**

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

CNB FINANCIAL CORPORATION
(Registrant)

DATE: May 7, 2025

/s/ Michael D. Peduzzi
Michael D. Peduzzi
President and Chief Executive Officer
(Principal Executive Officer)

DATE: May 7, 2025

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