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

F O R M 10-K

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

For the fiscal year ended December 31, 2022
or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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PART I.

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

ITEM 1. BUSINESS

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

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

CNB Bank

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

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

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

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

In 2021, the Bank received regulatory approval to conduct business in the state of Virginia as Ridge View Bank, a division of the Bank. The Bank currently operates two LPOs in Southwest Virginia.

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

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

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

Holiday Financial Services Corporation

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

Cybersecurity

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

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

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

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

Competition

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

Supervision and Regulation

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

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

Bank Holding Company Regulation

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

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

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

Regulation of CNB Bank

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

Source of Strength Doctrine

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

Identity Theft

The Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission (together with the SEC, the "Commissions") jointly issued final rules and guidelines to require certain regulated entities to establish programs to address risks of identity theft. The rules and guidelines implement provisions of the Dodd-Frank Act. These provisions amend Section 615(e) of the Fair Credit Reporting Act and directed the Commissions to adopt rules requiring entities that are subject to the Commissions' jurisdiction to address identity theft in two ways. First, the rules require financial institutions and creditors to develop and implement a written identity theft prevention program that is designed to detect, prevent, and mitigate identity theft in connection with certain existing accounts or the opening of new accounts. The rules include guidelines to assist entities in the formulation and maintenance of programs that would satisfy the requirements of the rules. Second, the rules establish special requirements for any credit and debit card issuers that are subject to the Commissions' jurisdiction to assess the validity of notifications of changes of address under certain circumstances.

Capital Adequacy

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

The Capital Rules, among other things:

- revise minimum capital requirements and adjust prompt corrective action thresholds;
- revise the components of regulatory capital, including adding a new minimum common equity Tier 1 capital ratio of 4.5% of risk-weighted assets and increasing the minimum Tier 1 capital ratio requirement from 4% to 6%;
- retain the existing risk-based capital treatment for 1-4 family residential mortgage exposures;
- permit most banking organizations to retain, through a one-time permanent election, the existing capital treatment for accumulated other comprehensive income;
- implement the capital conservation buffer beginning January 1, 2016, which was phased in incrementally until it reached 2.5% of risk-weighted assets, in addition to the minimum common equity Tier 1, Tier 1 and total capital ratios, on January 1, 2019;
- require a minimum leverage ratio of 4%;
- require a total capital ratio of 8%;
- increase capital requirements for past-due loans, high volatility commercial real estate exposures, and certain short-term loan commitments;

- require the deduction of mortgage servicing assets and deferred tax assets that exceed 10% of common equity Tier 1 capital in each category and 15% of common equity Tier 1 capital in the aggregate; and
- remove references to credit ratings consistent with the Dodd-Frank Act and establish due diligence requirements for securitization exposures.

Compliance with the Capital Rules was required beginning January 1, 2015, for most banking organizations including the Corporation, subject to a transition period for several aspects of the final rules, including the new minimum capital ratio requirements, the capital conservation buffer, and the regulatory capital adjustments and deductions. The Corporation implemented the Capital Rules on January 1, 2015, and continues to exceed all estimated well-capitalized regulatory requirements on a fully phased-in basis.

In July 2019, the Office of the Comptroller of the Currency, the Federal Reserve Board and the FDIC adopted a final rule intended to simply the Capital Rules described above for non-advanced approaches institutions. Institutions were required to implement the simplification rule by April 1, 2020.

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

Dividend Restrictions

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

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

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

Prompt Corrective Action and Safety and Soundness

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

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

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

Community Reinvestment Act

Under the Community Reinvestment Act of 1977 ("CRA"), the FDIC is required to assess the record of all financial institutions it supervises to determine if these institutions are meeting the credit needs of the community (including low and moderate income neighborhoods) which they serve. CRA performance evaluations are based on a four-tiered rating system: Outstanding, Satisfactory, Needs to Improve, and Substantial Noncompliance. CRA performance evaluations are considered in evaluating applications for such things as mergers, acquisitions, and applications to open branches. The Bank received a CRA rating of "Satisfactory" at its most recent CRA exam.

Restrictions on Transactions with Affiliates and Insiders

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

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

Deposit Insurance and Premiums

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

The FDIC uses a risk-based assessment system that imposes insurance premiums based on a risk matrix that takes into account the bank's capital level and supervisory rating. The base for insurance assessments is the average consolidated total assets less tangible equity capital of a financial institution. Assessment rates are calculated using formulas that take into account the risk of the institution being assessed. The FDIC adopted a final rule effective June 26, 2020, and applied as of April 1, 2020, to mitigate the effect on deposit insurance assessments of a bank's participation in the Paycheck Protection Program, the Paycheck Protection Program Liquidity Facility and the Money Market Mutual Fund Liquidity Facility in connection with the COVID-19 pandemic.

Financial Privacy and Data Security

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

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

Incentive Compensation

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

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

USA PATRIOT Act

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

Office of Foreign Assets Control Regulation

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

Other Federal Laws and Regulations

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

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

Sarbanes-Oxley Act of 2002

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

Governmental Policies

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

Other Legislative Initiatives

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

Human Capital

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

The Corporation respects, values and promotes the realization of an increasing diversity and inclusivity profile in our team of Board members and employees, and our customers, reflective of the communities we serve. The Corporation emphasizes relevant governance and diversity and inclusion principles in strategic planning, human capital management and leadership development (which includes recruiting and retaining employees).

Strategic Planning and Related Training

The Corporation has established a formal Strategic Plan, and the framework of the Strategic Plan establishes that principles of inclusion and diversity encompass and integrate with the other objectives of the Strategic Plan, including exceptional experiences, demonstrated leadership, adaptable technology, and long-term growth. In establishing these principles as the foundation upon which all other strategic objectives are anchored, the Corporation seeks to further develop and sustain a diverse, equitable, and inclusive culture, with sensitivity to the entirety of the Corporation’s footprint and environment in which it operates. The differences among the Corporation’s Board of Directors and employees, and its customers and community members, are respected and embraced to drive innovative products, services, and solutions that effectively meet the variety of needs among the Corporation’s diverse group of stakeholders.

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

Inclusion and Diversity Committee

In support of its strategic diversity and inclusion efforts, and to ensure that the diverse perspectives of the entire Corporation’s employee team is considered when developing and implementing its service and operating profile, the Corporation established a Diversity, Equity and Inclusion Committee (the “Diversity Committee”) in 2018. The Diversity Committee, which meets monthly, is comprised of over 10 employee members including underrepresented minorities, females, and those who identify as LGTBQAI+, as well as two senior executive level members, with the following committee responsibilities and goals:

- Encourage an inclusive and engaged workforce culture through communications and training;
- Demonstrate sustainability, commitment and accountability by tracking inclusion and diversity efforts bank wide;
- Bring awareness to the importance of inclusion and diversity internally and externally.

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

Human Capital Management and Leadership Development

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

- Attract and develop talented employees across the spectrum of professional experience, life experience, socio-economic background, gender, race, religion, skill set, and geographic representation;
- Prepare all members of our team for critical roles and leadership positions both now and the future, in serving as employees and valuable community members;
- Reward and support employees fairly and without discrimination based upon successful performance and through competitive pay and benefit programs;
- Enhance the Corporation’s culture through efforts to better understand, foster, promote, and preserve a culture of diversity and inclusion; and
- Evolve and invest in technology, tools, and resources to better support employees of varying skills and backgrounds at work.

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

A critical measure is realizing increasing diversity in our senior leadership positions, as those members of the Corporation’s management have greater ability to effectuate sustained change in the composition of our team and the expanded, relevant involvement of all groups within the spectrum of our workforce and communities. We are proud of the diversity we have achieved within the Corporation’s senior leadership team, which is comprised of 16 individuals, of which 50% are female or members of underrepresented minority groups.

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

As a result of broadening our recruitment efforts to increase the diversity of our teams, for the year ended December 31, 2022, 45 people out of 196 total hires for the Corporation identified as an underrepresented group. The Corporation increased the percentage of underrepresented hires from 19.5% of total new hires in 2021 to 22.7% in 2022, allowing us to continue to improve our overall diversity workforce profile, as our regional banks' workforce profiles are moving towards better alignment with the overall demographics of their respective communities.

Community Involvement and Social Impacts

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

The Corporation's employees actively participate in their local communities through volunteer activities in education, economic development, human and health services, and community reinvestment. During 2022, employees donated 15,316 hours in support of more than 658 organizations, with 60% of employees actively participating. Additionally, there were approximately $987,000 in donations to community organizations and events within the communities we serve. Notably, the Corporation’s Martin Luther King, Jr. "Take the Day On" efforts resulted in the support of 30 community organizations and 249 volunteer hours recorded. Employees collected donations and delivered them to local organizations in need during this national day of service, which typically serves as a bank holiday.

The Corporation expanded its efforts surrounding its financial literacy outreach in 2022, conducting five Financial Reality Fairs in various regions throughout the footprint we serve. The fairs teach real-life budgeting skills to high school students, many of whom are in low-to-moderate income households. The fairs included seven high schools and almost 1,000 students. Eighty employees donated over 875 hours of volunteer time and leveraged partnerships with thirty community organizations. Our employees and community volunteers not only shared their real-life knowledge of budgeting, but also provided additional financial education after the events. In addition to the fairs, employees participated in 120 other financial literacy events ranging from basic community banking sessions to school presentations. A total of 1,219 volunteer hours can be attributed to the Corporation’s financial literacy program. Further, the Corporation sponsored elementary and secondary banking curriculum materials donating $30,155 to provide 8,666 workbooks for students, along with teacher guides and complimentary digital programs. Additionally, the Corporation provided $300,000 in Educational Improvement Tax Credit Program scholarships, and $24,500 in academic scholarships in service to the communities in which we operate.

In 2022, the Corporation focused on increasing its outreach to those who are "unbanked" or "underbanked". Two examples of how the Corporation worked to address this social issue include the launch of the Stress Less account, the Bank's first Bank On Certified account and opening a new fully mobile "BankOnWheels" to operate in the Buffalo metro area. The national Bank On movement seeks to provide consumers safe and affordable access to the mainstream financial system and help connect unbanked and underbanked people to these products. The Bank is committed to expanding banking access to its communities with this Bank On Certified account. Features of this account include a low minimum to open, checkless checking, a low monthly service charge, free access to eBanking, debit card access, and no fees for overdraft or dormancy. BankOnWheels, which opened in the fourth quarter of 2022, is an innovative new banking experience, making full-service banking accessible to more consumers and small businesses, particularly those in underserved communities. The first of its kind operated by any financial institution in Western New York, BankOnWheels is a full-service, yet fully mobile bank branch, which will enable the Bank to deliver essential banking services to communities with little or no access to such services today. The BankOnWheels will rotate between three locations in the cities of Buffalo and Niagara Falls, which are located in communities underserved by banks, with plans to serve additional areas in the future.

Throughout its history, the Corporation has focused on strengthening the communities it serves. We accomplish this by promoting economic development through investments in community-strengthening initiatives, such as affordable housing and revitalization efforts. As of December 31, 2022, the Corporation’s investment in affordable housing totaled approximately $8.0 million, with an additional investment commitment of $1.0 million and $2.5 million invested in the Erie Downtown Development Corporation, which is focused on revitalization efforts in downtown Erie, Pennsylvania.

The Corporation is also committed to supporting women owned businesses. The Bank intends to launch Impressia Bank, a division of the Bank, in the first quarter of 2023. Designed for women by women, Impressia Bank will be a full-service banking division of the Bank dedicated to the professional and financial development and advancement of women business owners and women leaders. Impressia Bank clients will have access to resources related to accelerating their business, developing appropriate business strategies, and establishing a community of women who support one another.

Available Information

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

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

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

ITEM 1A. RISK FACTORS

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

Economic Risks

Economic conditions could adversely affect our business and financial results.

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

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

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

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

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

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

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

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

Credit and Interest Rate Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2017, the United Kingdom’s Financial Conduct Authority ("FCA"), which regulates the London Interbank Offered Rate ("LIBOR"), announced that the FCA intends to stop persuading or compelling banks to submit the rates required to calculate LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to LIBOR in derivatives and other financial contracts. The U.S. bank regulators issued a Statement on LIBOR Transition on November 30, 2020 encouraging banks to transition away from U.S. Dollar (USD) LIBOR as soon as practicable and in any event by December 31, 2021 for new contracts. LIBOR is currently anticipated to be fully phased out by June 30, 2023. We are not able to predict with certainty when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If such an increase or decrease were to occur, our interest payments that are higher or lower than if LIBOR were to remain available in its current form.

We have a number of loans, derivative contracts, borrowings, and other financial instruments with attributes that are either directly or indirectly dependent on LIBOR. The transition from LIBOR, or any changes or reforms to the determination or supervision of LIBOR, could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us, could create considerable costs and additional risk and could have an adverse impact on our overall financial condition or results of operations. Since proposed alternative rates (including SOFR) are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. The transition will change our market risk profiles, requiring changes to risk and pricing models, valuation tools, product design, and hedging strategies. Furthermore, failure to adequately manage this transition process with our customers could adversely impact our reputation. Although we are currently unable to assess what the ultimate impact of the transition from LIBOR will be, failure to adequately manage the transition could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to an Investment in the Corporation’s Securities

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

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

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

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

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

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

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

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

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

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

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

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

Operational and Strategic Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Corporation, primarily through the Bank, depends on its ability to continuously process, record and monitor a large number of customer transactions. The Corporation also collects and processes regulated personal data of employees and customers, and as such, public and regulatory expectations regarding operational and information security have increased over time. Accordingly, its and its subsidiaries’ operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, vulnerabilities, disruptions and breakdowns. Although the Corporation has business continuity plans and other safeguards in place, disruptions or failures in the physical infrastructure or operating systems that support its businesses and customers, or cyber attacks or security breaches of its networks, systems or devices on which employees' or customers’ personal information is stored and that customers use to access the Corporation’s and its subsidiaries products and services could result in customer attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could materially adversely affect the Corporation’s results of operations or financial condition. In addition, significant disruptions of our third party vendors’ and/or service providers’ security systems or infrastructure, or other similar data security incidents, could adversely affect our business operations and/or result in the loss, misappropriation, and/or unauthorized access, use or disclosure of, or the prevention of access to, regulated personal or confidential information, which could harm our business.

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

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

While we have purchased cybersecurity insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyber attacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as adequate for our operations.

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

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

Risks Related to Legal and Compliance Matters

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

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

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

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

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

General Risk Factors

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The headquarters of the Corporation and the Bank are located at 1 South Second Street, Clearfield, Pennsylvania, in a building owned by the Corporation. The Bank operates 47 full-service offices at December 31, 2022. Of these 47 offices, 23 are owned and 23 are leased from independent owners and one is leased from the Corporation. Holiday has nine full-service offices, of which eight are leased from independent owners and one is leased from the Corporation. The Bank's primary market area of the Pennsylvania counties of Blair, Cambria, Cameron, Centre, Clearfield, Crawford, Elk, Indiana, Jefferson and McKean. ERIEBANK, a division of the Bank, operates in the Pennsylvania counties of Crawford, Erie and Warren and in the Ohio counties of Ashtabula, Cuyahoga, Geauga, Lake and Lorain. FCBank, a division of the Bank, operates in the Ohio counties of Crawford, Delaware, Franklin, Knox, Marion, Morrow and Richland. BankOnBuffalo, a division of the Bank, operates in the New York counties of Erie and Niagara. Ridge View Bank, a division of the Bank, operates in Southwest, Virginia. Impressia Bank, a division of the Bank, will operate in the Bank's primary market areas. There are no encumbrances on the offices owned and the rental expense on the leased property is immaterial in relation to operating expenses. The initial lease terms range from three to twenty years.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

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

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

Issuer Purchases of Equity Securities

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

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

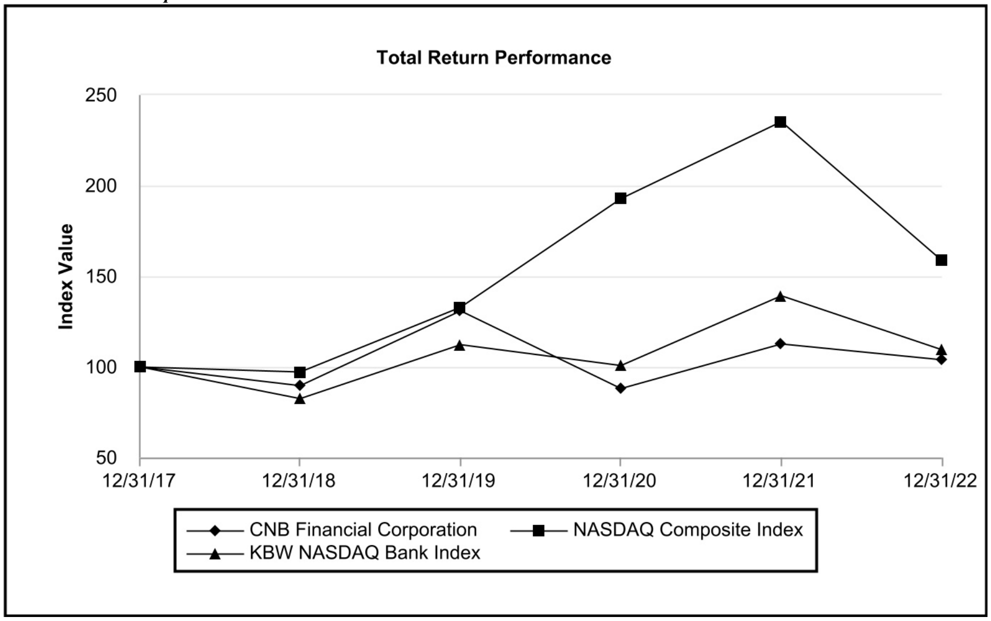
(1) On May 17, 2022, the Corporation's Board of Directors authorized the repurchase of up to 500,000 shares of common stock, provided that the aggregate purchase price of shares of common stock repurchased does not exceed $15 million. The repurchases of common stock, if any, are authorized to be made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

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

Share Return Performance

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

CNB Financial Corporation



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

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

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations is presented to provide insight into management's assessment of financial results and should be read in conjunction with the following parts of this Annual Report on Form 10-K: Part I, Item 1 "Business," Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," and Part II, Item 8 "Financial Statements and Supplementary Data." This section of this Annual Report on Form 10-K generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021.

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

Forward-Looking Statements and Factors that Could Affect Future Results

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

Such known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, include, but are not limited to, (i) adverse changes or conditions in capital and financial markets; (ii) changes in interest rates; (iii) the duration and scope of a pandemic, including the ongoing COVID-19 pandemic, and the local, national and global impact of a pandemic; (iv) changes in general business, industry or economic conditions or competition; (v) 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; (vi) higher than expected costs or other difficulties related to integration of combined or merged businesses; (vii) the effects of business combinations and other acquisition transactions, including the inability to realize our loan and investment portfolios; (viii) changes in the quality or composition of our loan and investment portfolios; (ix) adequacy of loan loss reserves; (x) increased competition; (xi) loss of certain key officers; (xii) deposit attrition; (xiii) rapidly changing technology; (xiv) unanticipated regulatory or judicial proceedings and liabilities and other costs; (xv) changes in the cost or sources of funds, demand for loan and deposit products or demand for financial services; and (xvi) other economic, competitive, governmental or technological factors affecting our operations, markets, products, services and prices. Such developments could have an adverse impact on CNB's financial position and results of operations.

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

Overview

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

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

Non-GAAP Financial Information

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

Non-GAAP measures reflected within the discussion below include:

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

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

Primary Factors Used To Evaluate Performance

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

Financial Condition

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

	2022 Balance	2021 Balance	$ Change vs. prior year	% Change vs. prior year
Total assets	$ 5,475.2	$ 5,328.9	$ 146.2	2.7 %
Total loans, net of allowance for credit losses	4,231.7	3,597.2	634.5	17.6
Total securities	785.8	707.6	78.2	11.1
Total deposits	4,622.4	4,715.6	(93.2)	(2.0)
Total shareholders’ equity	530.8	442.8	87.9	19.9

Cash and Cash Equivalents

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

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

Securities

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

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

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

	December 31, 2022									
	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	$ 1,236	3.03 %	$ 1,893	1.76 %	$ —	— %	$ —	— %	$ 3,129	2.26 %
State and Political Subdivisions	3,069	3.13	28,032	2.69	46,881	2.21	17,681	2.33	95,663	2.40
Residential and multi-family mortgage	—	—	8,690	2.96	27,454	2.27	181,403	1.58	217,547	1.72
Corporate notes and bonds	356	0.61	11,415	3.61	30,620	4.34	—	—	42,391	4.11
Pooled SBA	—	—	206	5.28	8,154	2.77	4,319	1.99	12,679	2.55
Total	$ 4,661	2.91 %	$ 50,236	2.92 %	$ 113,109	2.84 %	$ 203,403	1.65 %	$ 371,409	2.20 %

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

	December 31, 2022									
	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	$ 5,058	0.58 %	$ 242,928	1.55 %	$ 59,725	1.72 %	$ —	— %	$ 307,711	1.57 %
Residential and multi-family mortgage	—	—	3,841	2.78	2,499	3.34	90,714	2.82	97,054	2.83
Total	$ 5,058	0.58 %	$ 246,769	1.57 %	$ 62,224	1.79 %	$ 90,714	2.82 %	$ 404,765	1.87 %

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

	Weighted Average Modified Duration (in Years)
U.S. Government Sponsored Entities	1.06
State and Political Subdivisions	6.18
Residential and multi-family mortgage	5.76
Corporate notes and bonds	5.02
Pooled SBA	2.97
Total	5.65

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

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

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," in the consolidated financial statements provides more detail concerning the loan portfolio of the Corporation.

At December 31, 2022, loans, excluding the impact of (i) syndicated loans, and (ii) PPP loans, net of PPP-related fees (such loans being referred to as the "PPP-related loans"), totaled $4.1 billion, representing an increase of $654.5 million, or 18.9%, from December 31, 2021. This favorable loan growth, which was experienced across the Corporation's footprint, continued to reflect the Corporation's ongoing expansion in the Cleveland and Southwest Virginia regions, as well as new opportunities from its new loan production office in Rochester, New York, combined with growth in the portfolio related to its Private Banking division.

For the twelve months ended December 31, 2022, the Corporation's balance sheet reflected an increase in syndicated lending balances of $30.9 million compared to December 31, 2021. The syndicated loan portfolio totaled $156.6 million, or 3.7% of total loans, excluding PPP-related loans, at December 31, 2022, compared to $125.8 million, or 3.5% of total loans, excluding PPP-related loans, at December 31, 2021.

Loan Origination/Risk Management

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

The Corporation has begun 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.

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Maturities and Sensitivities of Loans Receivable to Changes in Interest Rate

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

	December 31, 2022				
	Due in One Year or Less	After One, but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
Loans Receivable with Fixed Interest Rate					
Farmland	$ —	$ 2,258	$ 8,110	$ —	$ 10,368
Owner-occupied, nonfarm nonresidential properties	5,821	21,134	14,394	5,043	46,392
Agricultural production and other loans to farmers	8	280	—	—	288
Commercial and Industrial	18,633	233,379	86,071	175	338,258
Obligations (other than securities and leases) of states and political subdivisions	7,732	8,784	62,426	30,619	109,561
Other loans	5	659	579	12,331	13,574
Other construction loans and all land development and other land loans [1]	32,969	39,385	13,856	1,317	87,527
Multifamily (5 or more) residential properties	925	54,416	4,232	4,580	64,153
Non-owner occupied, nonfarm nonresidential properties	13,647	63,163	58,292	1,316	136,418
1-4 Family Construction [1]	932	518	690	3,875	6,015
Home equity lines of credit	180	75	600	412	1,267
Residential Mortgages secured by first liens	4,253	27,774	247,189	127,414	406,630
Residential Mortgages secured by junior liens	190	7,951	49,616	10,989	68,746
Other revolving credit plans	7	9	15	3	34
Automobile	415	15,279	6,106	—	21,800
Other consumer	3,571	35,047	7,736	2,618	48,972
Credit cards	—	—	—	—	—
Overdrafts	—	—	—	—	—
Total	$ 89,288	$ 510,111	$ 559,912	$ 200,692	$ 1,360,003
Loans Receivable with Variable or Floating Interest Rate					
Farmland	$ 555	$ 2,936	$ 9,711	$ 8,598	$ 21,800
Owner-occupied, nonfarm nonresidential properties	27,944	47,753	286,668	59,736	422,101
Agricultural production and other loans to farmers	668	71	171	—	910
Commercial and Industrial	227,253	136,938	87,093	2,369	453,653
Obligations (other than securities and leases) of states and political subdivisions	—	4,189	9,323	22,272	35,784
Other loans	2,329	2,550	1,350	4,907	11,136
Other construction loans and all land development and other land loans [1]	80,439	130,120	133,697	14,902	359,158
Multifamily (5 or more) residential properties	24,099	24,630	134,085	10,729	193,543
Non-owner occupied, nonfarm nonresidential properties	89,170	172,890	329,264	67,573	658,897
1-4 Family Construction [1]	4,428	13,812	5,461	21,455	45,156
Home equity lines of credit	4,844	8,238	63,540	47,003	123,625
Residential Mortgages secured by first liens	6,304	17,077	157,565	354,955	535,901
Residential Mortgages secured by junior liens	1,587	310	3,666	329	5,892
Other revolving credit plans	3,643	3,051	28,796	848	36,338
Automobile	—	6	—	—	6
Other consumer	1	32	58	81	172
Credit cards	10,825	—	—	—	10,825
Overdrafts	278	—	—	—	278
Total	$ 484,367	$ 564,603	$ 1,250,448	$ 615,757	$ 2,915,175

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

Loan Concentration

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

Loan Quality

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

	December 31, 2022		December 31, 2021	
Nonaccrual loans	$	20,986	$	19,420
Accrual loans greater than 90 days past due		1,121		168
Total nonperforming loans		22,107		19,588
Other real estate owned		1,439		707
Total nonperforming assets	$	23,546	$	20,295
Loans modified in a troubled debt restructuring ("TDR"):				
Performing TDR loans	$	6,006	$	9,006
Nonperforming TDR loans [1]		6,377		7,600
Total TDR loans	$	12,383	$	16,606
Total loans	$	4,275,178	$	3,634,792
Nonaccrual loans as a percentage of loans		0.49 %		0.53 %
Total assets	$	5,475,179	$	5,328,939
Nonperforming assets as a percentage of total assets		0.43 %		0.38 %
Allowance for credit losses on loans	$	43,436	$	37,588
Allowance for credit losses / Total loans		1.02 %		1.03 %
Ratio of allowance for credit losses on loans to nonaccrual loans		206.98 %		193.55 %

[1] Nonperforming TDR loans are also included in the balance of nonaccrual loans.

Total nonperforming assets were $23.5 million, or 0.43% of total assets, as of December 31, 2022, compared to $20.3 million, or 0.38% of total assets, as of December 31, 2021. In addition, the allowance for credit losses as a percentage of nonaccrual loans was 207.0% as of December 31, 2022, compared to 193.6% as of December 31, 2021.

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 classified assets and nonaccrual loans annually.

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

Allowance for Credit Losses

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

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

	December 31, 2022			
	Amount of Allowance Allocated	Percent of Loans in Each Category to Total Loans	Total Loans	Ratio of Allowance Allocated to Loans in Each Category
Farmland	$ 159	0.8 %	$ 32,168	0.49 %
Owner-occupied, nonfarm nonresidential properties	2,905	11.0	468,493	0.62
Agricultural production and other loans to farmers	6	—	1,198	0.50
Commercial and Industrial [1]	9,766	18.5	791,911	1.23
Obligations (other than securities and leases) of states and political subdivisions	1,863	3.4	145,345	1.28
Other loans	456	0.6	24,710	1.85
Other construction loans and all land development and other land loans	3,253	10.5	446,685	0.73
Multifamily (5 or more) residential properties	2,353	6.0	257,696	0.91
Non-owner occupied, nonfarm nonresidential properties	7,653	18.6	795,315	0.96
1-4 Family Construction	327	1.2	51,171	0.64
Home equity lines of credit	1,173	2.9	124,892	0.94
Residential Mortgages secured by first liens	8,484	22.0	942,531	0.90
Residential Mortgages secured by junior liens	1,035	1.7	74,638	1.39
Other revolving credit plans	722	0.9	36,372	1.99
Automobile	271	0.5	21,806	1.24
Other consumer	2,665	1.1	49,144	5.42
Credit cards	67	0.3	10,825	0.62
Overdrafts	278	—	278	100.00
Total loans	$ 43,436	100.0 %	$ 4,275,178	1.02 %
Excluding PPP loans, net of deferred processing fees	$ 43,436		$ 4,275,019	1.02 %

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

	December 31, 2021			
	Amount of Allowance Allocated	Percent of Loans in Each Category to Total Loans	Total Loans	Ratio of Allowance Allocated to Loans in Each Category
Farmland	$ 151	0.7 %	$ 23,768	0.64 %
Owner-occupied, nonfarm nonresidential properties	3,339	12.0	434,672	0.77
Agricultural production and other loans to farmers	9	—	1,379	0.65
Commercial and Industrial [1]	8,837	19.5	708,989	1.25
Obligations (other than securities and leases) of states and political subdivisions	1,649	3.9	140,887	1.17
Other loans	149	0.4	13,979	1.07
Other construction loans and all land development and other land loans	2,198	8.2	298,869	0.74
Multifamily (5 or more) residential properties	2,289	5.9	216,143	1.06
Non-owner occupied, nonfarm nonresidential properties	6,481	18.2	663,062	0.98
1-4 Family Construction	158	1.0	37,822	0.42
Home equity lines of credit	1,169	2.9	104,517	1.12
Residential Mortgages secured by first liens	6,943	22.7	826,729	0.84
Residential Mortgages secured by junior liens	546	1.6	56,689	0.96
Other revolving credit plans	528	0.7	26,536	1.99
Automobile	263	0.6	20,862	1.26
Other consumer	2,546	1.4	49,676	5.13
Credit cards	92	0.3	9,935	0.93
Overdrafts	241	—	278	86.69
Total loans	$ 37,588	100.0 %	$ 3,634,792	1.03 %
Excluding PPP loans, net of deferred processing fees	$ 37,588		$ 3,589,589	1.05 %

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

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

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

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

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

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

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

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

	Year Ended December 31, 2021			
	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	$ (70)	$ —	$ 22,970	— %
Owner-occupied, nonfarm nonresidential properties	213	(574)	428,377	(0.13)
Agricultural production and other loans to farmers	(15)	—	2,245	—
Commercial and Industrial	2,564	40	680,368	0.01
Obligations (other than securities and leases) of states and political subdivisions	1,028	(377)	138,604	(0.27)
Other loans	81	—	12,187	—
Other construction loans and all land development and other land loans	524	(282)	246,583	(0.11)
Multifamily (5 or more) residential properties	(435)	—	218,285	—
Non-owner occupied, nonfarm nonresidential properties	(2,128)	(49)	627,595	(0.01)
1-4 Family Construction	76	—	30,513	—
Home equity lines of credit	186	(2)	106,214	—
Residential Mortgages secured by first liens	2,436	(32)	795,747	—
Residential Mortgages secured by junior liens	308	(3)	55,063	(0.01)
Other revolving credit plans	49	(28)	25,751	(0.11)
Automobile	154	(23)	23,027	(0.10)
Other consumer	637	(1,053)	42,634	(2.47)
Credit cards	120	(94)	9,532	(0.99)
Overdrafts	275	(278)	224	(124.11)
Total	$ 6,003	$ (2,755)	$ 3,465,919	(0.08)%

	Year Ended December 31, 2020			
	Provision (Benefit) for Credit Loss Expense	Net (Charge-Offs) Recoveries	Average Loans	Ratio of Annualized Net (Charge-Offs) Recoveries to Average Loans
Farmland	$ (30)	$ —	$ 27,359	— %
Owner-occupied, nonfarm nonresidential properties	2,031	(49)	396,881	(0.01)
Agricultural production and other loans to farmers	(6)	—	3,185	—
Commercial and Industrial	5,283	(2,740)	644,793	(0.42)
Obligations (other than securities and leases) of states and political subdivisions	207	—	147,851	—
Other loans	19	—	10,546	—
Other construction loans and all land development and other land loans	(1,504)	125	191,984	0.07
Multifamily (5 or more) residential properties	1,301	—	184,980	—
Non-owner occupied, nonfarm nonresidential properties	3,266	(1,470)	532,088	(0.28)
1-4 Family Construction	61	—	24,893	—
Home equity lines of credit	367	(5)	103,723	—
Residential Mortgages secured by first liens	2,366	(220)	691,294	(0.03)
Residential Mortgages secured by junior liens	148	(156)	55,018	(0.28)
Other revolving credit plans	(51)	(116)	27,102	(0.43)
Automobile	99	(27)	26,419	(0.10)
Other consumer	1,364	(1,383)	38,679	(3.58)
Credit cards	179	(139)	8,126	(1.71)
Overdrafts	254	(250)	250	(100.00)
Total loans	$ 15,354	$ (6,430)	$ 3,115,171	(0.21)%

During the year ended December 31, 2022, the Corporation recorded a provision for credit losses of $8.6 million, as compared to a provision for credit losses of $6.0 million for the year ended December 31, 2021. Included in the provision for credit losses for the year ended December 31, 2022 was $603 thousand expense related to the allowance for unfunded commitments compared to no accrual towards the allowance for unfunded commitments for the year ended December 31, 2021. Net charge-offs during the year ended December 31, 2022 were $2.1 million, compared to net charge-offs of $2.8 million during the year ended December 31, 2021. The increase of $2.6 million in provision for credit losses, from the year ended December 31, 2021 to the year ended December 31, 2022 was primarily due to loan growth, the impact of net charge-offs and the provision for credit losses recorded in 2022, related to the allowance for unfunded commitments.

Premises and Equipment

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

Bank Owned Life Insurance

The Corporation has periodically purchased Bank Owned Life Insurance ("BOLI"). The policies cover executive officers and a select group of other employees with the Bank being named as beneficiary. Earnings from BOLI assist the Corporation in offsetting its benefit costs. The Corporation made $11.6 million in purchases of BOLI during the twelve months ended December 31, 2022, while the Corporation made $22.0 million purchases of BOLI during the twelve months ended December 31, 2021.

Funding Sources

Deposits

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

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

At December 31, 2022, total deposits were $4.6 billion, reflecting a decrease of $93.2 million, or 2.0%, from December 31, 2021. During the same timeframe, while non interest-bearing deposits increased approximately $106.4 million, or 13.4%, total interest-bearing deposits decreased approximately $199.5 million, or 5.1%, from December 31, 2021. The decrease in deposits was driven primarily by the impact of competitive pricing pressures due to the rapid increase in interest rates, as well as customers experiencing substantial increases in costs due to inflation.

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

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

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

	December 31, 2022	December 31, 2021
Time deposits not covered by deposit insurance	$ 69,874	$ 68,562
Total deposits not covered by deposit insurance	1,864,886	1,711,676

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

	December 31, 2022
3 months or less	$ 7,938
Over 3 through 6 months	628
Over 6 through 12 months	44,787
Over 12 months	16,521
Total	$ 69,874

Borrowings

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

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

Liquidity and Capital Resources

Liquidity

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

The Corporation’s expected material cash requirements for the twelve months ended December 31, 2023 and thereafter consist of withdrawals by depositors, credit commitments to borrowers, shareholder dividends, share repurchases, operating expenses and capital expenditures. 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 wholesale funding sources maintained by the Corporation.

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

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

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

At December 31, 2022, the Corporation’s cash and cash equivalents position was approximately $106.3 million, including liquidity of $43.4 million held at the Federal Reserve. The Corporation also has the ability to borrow funds as a member of the FHLB. At December 31, 2022, based upon available, pledgeable collateral, the Corporation's total borrowing capacity with the FHLB was approximately $757.8 million. Furthermore, at December 31, 2022, the Corporation had approximately $177.0 million in securities that were unencumbered by a pledge and could be used to support additional borrowings through the Federal Reserve discount window, as needed. As of December 31, 2022, management is not aware of any events that are reasonably likely to have a material adverse effect on the Corporation's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on the Corporation.

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

Shareholders’ Equity, Capital Ratios and Metrics

Shareholders' Equity

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

As of December 31, 2022, the Corporation’s total shareholders’ equity was $530.8 million, representing an increase of $87.9 million, or 19.9%, from December 31, 2021. This increase was primarily due to the $94.1 million increase in additional paid in capital as a result of the Corporation's common stock offering described above coupled with $63.2 million from the Corporation's earnings for the year ended 2022, partially offset by approximately $16.9 million in both, common dividends and preferred dividends, as well as an increase of $51.7 million in accumulated other comprehensive loss, resulting primarily from the temporary unrealized reduction in the value on the AFS investment portfolio during the twelve months ended December 31, 2022.

Preferred Stock

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

Capital Ratios and Metrics

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

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

	December 31, 2022	December 31, 2021
Total risk-based capital ratio	16.08 %	14.92 %
Tier 1 capital ratio	13.24 %	11.79 %
Common equity tier 1 ratio	11.42 %	9.65 %
Leverage ratio	10.74 %	8.22 %
Tangible common equity/tangible assets [1]	7.90 %	6.45 %
Book value per common share	$ 22.39	$ 22.85
Tangible book value per common share [1]	$ 20.30	$ 20.22

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

Average Balances, Interest Rates and Yields

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

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

	December 31, 2022			December 31, 2021			December 31, 2020		
	Average Balance	Annual Rate	Interest Inc./ Exp.	Average Balance	Annual Rate	Interest Inc./ Exp.	Average Balance	Annual Rate	Interest Inc./ Exp.
ASSETS:									
Securities:									
Taxable (1)(4)	$ 768,959	1.80 %	$ 14,560	$ 624,330	1.70 %	$ 10,500	$ 505,770	2.35 %	$ 11,510
Tax-exempt (1)(2)(4)	35,965	2.87	1,080	42,658	3.43	1,403	55,460	3.32	1,772
Equity securities (1)(2)	8,248	2.13	176	8,136	3.58	291	12,814	5.89	755
Total securities (4)	813,172	1.85	15,816	675,124	1.83	12,194	574,044	2.53	14,037
Loans receivable:									
Commercial (2)(3)	1,429,634	5.08	72,684	1,284,750	4.95	63,642	1,230,615	4.80	59,016
Mortgage (2)(3)(5)	2,355,662	4.78	112,583	2,080,000	4.51	93,738	1,783,980	4.76	84,857
Consumer (3)	112,426	10.48	11,778	101,169	9.98	10,098	100,576	9.71	9,766
Total loans receivable (3)	3,897,722	5.06	197,045	3,465,919	4.83	167,478	3,115,171	4.93	153,639
Other earning assets	243,653	1.16	2,112	626,997	0.14	881	402,861	0.21	852
Total earning assets	4,954,547	4.30	$ 214,973	4,768,040	3.79	$ 180,553	4,092,076	4.14	$ 168,528
Noninterest-bearing assets:									
Cash and due from banks	51,670			48,673			42,001		
Premises and equipment	89,940			79,807			75,516		
Other assets	227,991			199,107			166,511		
Allowance for credit losses	(39,935)			(36,727)			(28,962)		
Total noninterest-bearing assets	329,666			290,860			255,066		
TOTAL ASSETS	$ 5,284,213			$ 5,058,900			$ 4,347,142		
LIABILITIES AND SHAREHOLDERS' EQUITY:									
Demand—interest-bearing	$ 1,061,452	0.20	$ 2,131	$ 978,279	0.18	$ 1,783	$ 755,200	0.24	$ 1,781
Savings	2,383,918	0.54	12,772	2,309,560	0.22	5,164	1,923,214	0.66	12,775
Time	351,272	1.40	4,930	445,488	1.82	8,115	445,408	2.15	9,586
Total interest-bearing deposits	3,796,642	0.52	19,833	3,733,327	0.40	15,062	3,123,822	0.77	24,142
Short-term borrowings	8,793	4.20	369	—	—	—	—	—	—
Long-term borrowings	—	—	—	—	—	—	220,849	2.04	4,507
Finance lease liabilities	426	4.69	20	507	4.54	23	587	4.60	27
Subordinated notes and debentures	104,432	3.69	3,857	108,963	4.35	4,735	70,620	5.35	3,780
Total interest-bearing liabilities	3,910,293	0.62	$ 24,079	3,842,797	0.52	$ 19,820	3,415,878	0.95	$ 32,456
Demand—noninterest-bearing	847,793			724,839			516,724		
Other liabilities	70,379			60,202			56,377		
Total liabilities	4,828,465			4,627,838			3,988,979		
Shareholders' equity	455,748			431,062			358,163		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,284,213			$ 5,058,900			$ 4,347,142		
Interest income/Earning assets		4.30 %	$ 214,973		3.79 %	$ 180,553		4.14 %	$ 168,528
Interest expense/Interest-bearing liabilities		0.62	24,079		0.52	19,820		0.95	32,456
Net interest spread		3.68 %	$ 190,894		3.27 %	$ 160,733		3.19 %	$ 136,072
Interest income/Earning assets		4.30 %	$ 214,973		3.79 %	$ 180,553		4.14 %	$ 168,528
Interest expense/Earning assets		0.48	24,079		0.41	19,820		0.80	32,456
Net interest margin (fully tax-equivalent)		3.82 %	$ 190,894		3.38 %	$ 160,733		3.34 %	$ 136,072

[(1)] Includes unamortized discounts and premiums.
[(2)] Average yields are stated on a fully taxable equivalent basis (calculated using statutory rates of 21%) resulting from tax-free municipal securities in the investment portfolio and tax-free municipal loans in the commercial loan portfolio. The taxable equivalent adjustment to net interest income for the years ended December 31, 2022, 2021 and 2020 were $1.2 million, $953 thousand and $1.4 million, respectively.
[(3)] Average loans receivable outstanding includes the average balance outstanding of all nonaccrual loans. Loans receivable consist of the average of total loans receivable less average unearned income. In addition, loans receivable interest income consists of loans receivable fees, including PPP deferred processing fees.
[(4)] Average balance is computed using the fair value of AFS 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 years ended December 31, 2022, 2021 and 2020 were $(40.3) million, $9.9 million and $18.9 million, respectively.
[(5)] Includes loans held for sale.

Volume Analysis of Changes in Net Interest Income

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

Net Interest Income Rate-Volume Variance	For Twelve Months Ended December 31, 2022 over (under) 2021 Due to Change In [(1)]			For Twelve Months Ended December 31, 2021 over (under) 2020 Due to Change In [(1)]		
	Volume	Rate	Net	Volume	Rate	Net
Assets						
Securities:						
Taxable	$ 3,291	$ 769	$ 4,060	$ 2,278	$ (3,288)	$ (1,010)
Tax-Exempt [(2)]	(122)	(201)	(323)	(430)	61	(369)
Equity Securities [(2)]	5	(120)	(115)	(168)	(296)	(464)
Total Securities	3,174	448	3,622	1,680	(3,523)	(1,843)
Loans:						
Commercial [(2)]	7,183	1,859	9,042	2,780	1,846	4,626
Mortgage [(2)]	12,485	6,360	18,845	13,341	(4,460)	8,881
Consumer	1,118	562	1,680	60	272	332
Total Loans	20,786	8,781	29,567	16,181	(2,342)	13,839
Other Earning Assets	(1,254)	2,485	1,231	311	(282)	29
Total Earning Assets	$ 22,706	$ 11,714	$ 34,420	$ 18,172	$ (6,147)	$ 12,025
Liabilities and Shareholders' Equity						
Interest Bearing Deposits						
Demand – Interest Bearing	$ 152	$ 196	$ 348	$ 407	$ (405)	$ 2
Savings	166	7,442	7,608	864	(8,475)	(7,611)
Time	(1,716)	(1,469)	(3,185)	1	(1,472)	(1,471)
Total Interest Bearing Deposits	(1,398)	6,169	4,771	1,272	(10,352)	(9,080)
Short-Term Borrowings	—	369	369	—	—	—
Long-Term Borrowings	—	—	—	—	(4,507)	(4,507)
Finance Lease Liabilities	(4)	1	(3)	(4)	—	(4)
Subordinated Debentures	(197)	(681)	(878)	1,666	(711)	955
Total Interest Bearing Liabilities	$ (1,599)	$ 5,858	$ 4,259	$ 2,934	$ (15,570)	$ (12,636)
Change in Net Interest Income	$ 24,305	$ 5,856	$ 30,161	$ 15,238	$ 9,423	$ 24,661

[(1)] The change in interest due to both volume and rate have been allocated entirely to volume changes.
[(2)] Changes in interest income on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% for the year ended December 31, 2022 and 2021.

Results of Operations
Year Ended December 31, 2022 vs. Year Ended December 31, 2021

Overview of the Statements of Income and Comprehensive Income

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

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

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

Interest Income and Expense

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

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

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

Provision for Credit Losses

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

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

Non-Interest Income

Total non-interest income was $34.8 million for the year ended December 31, 2022, representing an increase of $1.3 million, or 4.0%, from the same period in 2021. Included in non-interest income for the years ended December 31, 2022 and 2021 was $651 thousand and $783 thousand, respectively, in net realized gains on AFS securities. Non-interest income excluding net realized gains on AFS securities, a non-GAAP measure, for the year ended December 31, 2022 and the year ended December 31, 2021, increased $1.5 million, or 4.5%, from the same period in 2021. During the year ended December 31, 2022, Wealth and Asset Management fees increased $432 thousand, or 6.4%, compared to the year ended December 31, 2021, as the Corporation benefited from an increased number of wealth management relationships. Other notable increases during the year ended December 31, 2022 included increased income from service charges on deposits, other service charges and fees, pass-through income from small business investment companies ("SBICs") and bank owned life insurance mostly due to an $883 thousand gain resulting from death benefit proceeds. These were partially offset by unrealized losses on equity securities and decreased mortgage banking activity.

Non-Interest Expense

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

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

Overview of the Statements of Income and Comprehensive Income

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

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

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

Interest Income and Expense

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

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

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

Provision for Credit Losses

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

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

Non-Interest Income

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

Non-Interest Expense

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

Income Tax Expense

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

Off-Balance Sheet Arrangements

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

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

Critical Accounting Policies and Estimates

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

Allowance for Credit Losses

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

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

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

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

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

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

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

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

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

Fair Value Measurements

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

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

Goodwill

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

Non-GAAP Financial Measures

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

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

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

	Twelve Months Ended December 31, 2022	2021
Calculation of net interest margin:		
Interest income	$ 213,738	$ 179,600
Interest expense	24,079	19,820
Net interest income	$ 189,659	$ 159,780
Average total earning assets	$ 4,954,547	$ 4,768,040
Net interest margin (GAAP) (annualized)	3.83 %	3.35 %
Calculation of net interest margin (fully tax equivalent basis) (non-GAAP):		
Interest income	$ 213,738	$ 179,600
Tax equivalent adjustment (non-GAAP)	1,235	953
Adjusted interest income (fully tax equivalent basis) (non-GAAP)	214,973	180,553
Interest expense	24,079	19,820
Net interest income (fully tax equivalent basis) (non-GAAP)	$ 190,894	$ 160,733
Average total earning assets	$ 4,954,547	$ 4,768,040
Less: average mark to market adjustment on investments (non-GAAP)	(40,271)	9,879
Adjusted average total earning assets, net of mark to market (non-GAAP)	$ 4,994,818	$ 4,758,161
Net interest margin, fully tax equivalent basis (non-GAAP) (annualized)	3.82 %	3.38 %

	Twelve Months Ended December 31, 2022	2021
Calculation of PPNR (non-GAAP): [(1)]		
Net interest income	$ 189,659	$ 159,780
Add: Non-interest income	34,766	33,434
Less: Non-interest expense	137,622	116,433
PPNR (non-GAAP)	$ 86,803	$ 76,781

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

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Calculation of efficiency ratio:		
Non-interest expense	$ 137,622	$ 116,433
Non-interest income	$ 34,766	$ 33,434
Net interest income	189,659	159,780
Total revenue	$ 224,425	$ 193,214
Efficiency ratio	61.32 %	60.26 %
Calculation of efficiency ratio (fully tax equivalent basis) (non-GAAP):		
Non-interest expense	$ 137,622	$ 116,433
Less: core deposit intangible amortization	96	107
Adjusted non-interest expense (non-GAAP)	$ 137,526	$ 116,326
Non-interest income	$ 34,766	$ 33,434
Net interest income	189,659	159,780
Less: tax exempt investment and loan income, net of TEFRA (non-GAAP)	5,011	4,973
Add: tax exempt investment and loan income (fully tax equivalent basis) (non-GAAP)	6,509	6,416
Adjusted net interest income (fully tax equivalent basis) (non-GAAP)	191,157	161,223
Adjusted net revenue (fully tax equivalent basis) (non-GAAP)	$ 225,923	$ 194,657
Efficiency ratio (fully tax equivalent basis) (non-GAAP)	60.87 %	59.76 %

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Calculation of return on average tangible common equity (non-GAAP):		
Net income	$ 63,188	$ 57,707
Less: preferred stock dividends	4,302	4,302
Net income available to common shareholders	$ 58,886	$ 53,405
Average shareholders' equity	$ 455,748	$ 431,062
Less: average goodwill & intangibles	44,163	44,265
Less: average preferred equity	57,785	57,785
Tangible common shareholders' equity (non-GAAP)	$ 353,800	$ 329,012
Return on average equity (GAAP) (annualized)	13.86 %	13.39 %
Return on average common equity (GAAP) (annualized)	12.92 %	12.39 %
Return on average tangible common equity (non-GAAP) (annualized)	16.64 %	16.23 %

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The principal purpose of asset/liability management is to maximize current and future net interest income within acceptable levels of interest rate risk while satisfying liquidity and capital requirements. Net interest income is enhanced by increasing the net interest margin and the growth in earning assets. As a result, the primary goal of interest rate risk management is to maintain a balance between risk and reward such that net interest income is maximized while risk is maintained at an acceptable level.

The Corporation uses an asset-liability management model to measure the effect of interest rate changes on its net interest income. The Corporation's management also reviews asset-liability maturity gap and repricing analyses regularly. The Corporation does not always attempt to achieve a precise match between interest sensitive assets and liabilities because it believes that an actively managed amount of interest rate risk is inherent and appropriate in the management of the Corporation's profitability.

Asset-liability modeling techniques and simulation involve assumptions and estimates that inherently cannot be measured with precision. Key assumptions in these analyses include maturity and repricing characteristics of assets and liabilities, prepayments on amortizing assets, non-maturing deposit sensitivity, and loan and deposit pricing. These assumptions are inherently uncertain due to the timing, magnitude, and frequency of rate changes and changes in market conditions and management strategies, among other factors. However, the analyses are useful in quantifying risk and provide a relative gauge of the Corporation's interest rate risk position over time.

Management reviews interest rate risk on a quarterly basis and reports to the ALCO. This review includes earnings shock scenarios whereby interest rates are immediately increased and decreased by 100, 200, 300, and 400 basis points. These scenarios, detailed in the table below, indicate that there would not be a significant variance in net interest income over a one-year period due to interest rate changes; however, actual results could vary significantly. At December 31, 2022 and 2021, all interest rate risk levels according to the model were within the tolerance limits of ALCO-approved policy. In addition, the table does not take into consideration changes that management would make to realign its assets and liabilities in the event of an unexpected changing interest rate environment. The 300 and 400 basis point declining interest rate scenarios have been excluded in the following table.

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

At December 31, 2022, the Corporation has approximately $2.0 billion in outstanding loan balances that are rate sensitive over the next twelve months.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

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

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

Basis for Opinion

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

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

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

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

Change in Accounting Principle

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

Critical Audit Matter

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

Allowance for Credit Losses on Loans

As described in Notes 1 and 4 to the financial statements, the Corporation establishes an allowance representing the estimate of expected credit losses over the estimated life of the existing portfolio of loans. The Corporation measures expected credit losses based on a pooled loan basis when similar risk characteristics exist by primarily applying a discounted cash flow ("DCF") model. The DCF model discounts instrument-level contractual cash flows, adjusting for prepayments and curtailments, and incorporates loss expectations based on past events, current conditions, and forecasted macroeconomic indicators using reasonable and supportable forecasts. The quantitative estimated losses provided by the DCF model are supplemented by qualitative factors that include changes related to relevant data, such as differences in underwriting standards, changes in environmental conditions, delinquency levels, segment growth rates and changes in duration within new markets, or other relevant factors not considered in the DCF model.

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

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

- Obtained an understanding, evaluated the design, and tested the operating effectiveness of the Corporation’s internal controls over the allowance for credit losses process, including controls over both the DCF and qualitative elements of the allowance. This included controls over the review of the relevance and reliability of data used to determine the estimates and the review of the appropriateness of the key assumptions and judgments used in the determination of the qualitative factors.

- Evaluated the completeness and accuracy of data used in the DCF model and the reasonableness of management’s judgments and the relevance of data used in applying the qualitative factors.

- We involved FORVIS’ valuation specialists to assist in evaluating the appropriateness of model inputs and assumptions and testing the design of the model calculation through a re-performance of the discounted cash flow.

Other Matter

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

/s/ FORVIS, LLP (Formerly, BKD, LLP)

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

Report of Independent Registered Public Accounting Firm

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

Opinion on the Internal Control over Financial Reporting

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

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

Basis for Opinion

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

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

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

Definitions and Limitations of Internal Control over Financial Reporting

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

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

/s/ FORVIS, LLP (Formerly, BKD, LLP)

Indianapolis, Indiana
March 3, 2023

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

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

Basis for Opinion

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

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

/s/ Crowe LLP

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

CONSOLIDATED BALANCE SHEETS
Dollars in thousands, except share data

		December 31, 2022		December 31, 2021
ASSETS				
Cash and due from banks	$	58,884	$	42,440
Interest-bearing deposits with Federal Reserve		43,401		684,306
Interest-bearing deposits with other financial institutions		4,000		5,452
Total cash and cash equivalents		106,285		732,198
Debt securities available-for-sale, at fair value (amortized cost of $432,992 as of December 31, 2022 and $698,085 as of December 31, 2021)		371,409		697,191
Debt securities held-to-maturity, at amortized cost (fair value $367,388 as of December 31, 2022 and $—, as of December 31, 2021)		404,765		—
Equity securities		9,615		10,366
Loans held for sale		231		849
Loans receivable				
PPP loans, net of deferred processing fees		159		45,203
Syndicated loans		156,649		125,761
Loans		4,118,370		3,463,828
Total loans receivable		4,275,178		3,634,792
Less: allowance for credit losses		(43,436)		(37,588)
Net loans receivable		4,231,742		3,597,204
FHLB and other restricted stock holdings and investments		30,715		23,276
Premises and equipment, net		68,535		61,659
Operating lease right-of-use assets		32,307		19,928
Bank owned life insurance		111,523		99,719
Mortgage servicing rights		1,804		1,664
Goodwill		43,749		43,749
Core deposit intangible		364		460
Accrued interest receivable and other assets		62,135		40,676
Total Assets	$	5,475,179	$	5,328,939
LIABILITIES AND SHAREHOLDERS' EQUITY				
Noninterest-bearing demand deposits	$	898,437	$	792,086
Interest-bearing demand deposits		1,007,202		1,079,336
Savings		2,270,337		2,457,745
Certificates of deposit		446,461		386,452
Total deposits		4,622,437		4,715,619
Short-term borrowings		132,396		—
Subordinated debentures		20,620		20,620
Subordinated notes, net of unamortized issuance costs		83,964		83,661
Operating lease liabilities		33,726		21,159
Accrued interest payable and other liabilities		51,274		45,033
Total liabilities		4,944,417		4,886,092
Commitments and contingent liabilities				
Preferred stock, Series A non-cumulative perpetual, No par value; $1,000 liquidation preference; shares authorized 60,375; Shares issued 60,375 at December 31, 2022 and 60,375 at December 31, 2021		57,785		57,785
Common stock, no par value; 50,000,000 shares authorized; Shares issued 21,121,346 shares at December 31, 2022 and 16,978,057 at December 31, 2021		—		—
Additional paid in capital		221,553		127,351
Retained earnings		306,911		260,582
Treasury stock, at cost (114,157 shares at December 31, 2022 and 122,995 shares at December 31, 2021)		(2,967)		(2,477)
Accumulated other comprehensive loss		(52,520)		(394)
Total shareholders' equity		530,762		442,847
Total Liabilities and Shareholders' Equity	$	5,475,179	$	5,328,939

See Notes to Consolidated Financial Statements

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

	Year ended December 31, 2022	2021	2020
INTEREST AND DIVIDEND INCOME:			
Loans including fees			
Interest and fees on loans	$ 194,149	$ 157,799	$ 147,547
Processing fees on PPP loans	1,889	8,737	5,140
Securities and cash and cash equivalents:			
Taxable	16,672	11,680	12,362
Tax-exempt	871	1,125	1,441
Dividends	157	259	677
Total interest and dividend income	213,738	179,600	167,167
INTEREST EXPENSE:			
Deposits	19,833	15,062	24,142
Borrowed funds and finance lease liabilities	389	23	4,534
Subordinated debentures (includes $127, $276, and $224 accumulated other comprehensive income reclassification for change in fair value of interest rate swap agreements, respectively)	3,857	4,735	3,780
Total interest expense	24,079	19,820	32,456
NET INTEREST INCOME	189,659	159,780	134,711
PROVISION FOR CREDIT LOSS EXPENSE	8,589	6,003	15,354
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSS EXPENSE	181,070	153,777	119,357
NON-INTEREST INCOME:			
Service charges on deposit accounts	7,206	6,195	5,095
Other service charges and fees	3,196	2,436	2,548
Wealth and asset management fees	7,172	6,740	5,497
Net realized gains on available-for-sale securities (includes $651, $783, and $2,190 accumulated other comprehensive income reclassifications for net realized gains on available-for-sale securities, respectively)	651	783	2,190
Net realized gains on equity securities	—	—	75
Net unrealized gains on equity securities	(1,149)	790	253
Mortgage banking	1,237	3,147	3,354
Bank owned life insurance	3,433	2,638	1,747
Card processing and interchange income	7,797	7,796	5,727
Other non-interest income	5,223	2,909	1,573
Total non-interest income	34,766	33,434	28,059
NON-INTEREST EXPENSES:			
Compensation and benefits (includes $(113), $(43), and $— accumulated other comprehensive income reclassifications for net amortization of actuarial (gains) losses, respectively)	71,460	61,175	48,723
Net occupancy expense	13,298	12,381	12,333
Technology expense	17,041	11,723	7,153
State and local taxes	4,078	4,057	3,340
Legal, professional and examination fees	4,173	3,517	2,990
Advertising	2,887	2,081	1,993
FDIC insurance	2,796	2,509	2,414
Card processing and interchange expenses	4,801	3,836	3,135
Other non-interest expenses	17,088	15,154	12,603
Merger costs, prepayment penalties and branch closure costs	—	—	12,642
Total non-interest expenses	137,622	116,433	107,326
INCOME BEFORE INCOME TAXES	78,214	70,778	40,090
INCOME TAX EXPENSE (includes $134, $116, and $413 income tax expense reclassification items, respectively)	15,026	13,071	7,347
NET INCOME	63,188	57,707	32,743
PREFERRED STOCK DIVIDENDS	4,302	4,302	1,147
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 58,886	$ 53,405	$ 31,596
PER COMMON SHARE DATA:			
Basic Earnings Per Common Share	$ 3.26	$ 3.16	$ 1.97
Diluted Earnings Per Common Share	$ 3.26	$ 3.16	$ 1.97
Cash Dividends Declared	$ 0.700	$ 0.685	$ 0.680
NET INCOME	$ 63,188	$ 57,707	$ 32,743
OTHER COMPREHENSIVE INCOME (LOSS):			
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification and tax	$ (53,576)	$ (16,044)	$ 8,140
Amortization of unrealized gains from held-to-maturity securities, net of tax	875	—	—
Change in actuarial gain, for post-employment health care plan, net of amortization and tax	150	275	219
Change in fair value of interest rate swap agreements designated as a cash flow hedge, net of interest and tax	425	301	(224)
Total other comprehensive income (loss)	(52,126)	(15,468)	8,135
COMPREHENSIVE INCOME	$ 11,062	$ 42,239	$ 40,878

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
Dollars in thousands, except share and per share data

	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Share-holders' Equity
Balance, January 1, 2020	$ —	$ 99,335	$ 201,503	$ (2,811)	$ 6,939	$ 304,966
Cumulative-effect adjustment due to the adoption of ASU No. 2016-13	—	—	(3,391)	—	—	(3,391)
Net income	—	—	32,743	—	—	32,743
Other comprehensive income	—	—	—	—	8,135	8,135
Restricted stock award grants (36,968 shares)	—	(934)	—	934	—	—
Performance based restricted stock award grants (8,351 shares)	—	(217)	—	217	—	—
Stock-based compensation expense	—	1,410	—	—	—	1,410
Issuance of common stock, net of issuance costs (115,790 shares)	—	3,257	—	—	—	3,257
Purchase of treasury stock (66,600 shares)	—	—	—	(981)	—	(981)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (7,349 shares)	—	—	—	(213)	—	(213)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (3,458 shares)	—	—	—	(113)	—	(113)
Issuance of preferred equity, net of issuance costs	57,785	—	—	—	—	57,785
Acquisition of Bank of Akron	—	24,667	—	—	—	24,667
Preferred cash dividend declared	—	—	(1,147)	—	—	(1,147)
Cash dividends declared ($0.68 per share)	—	—	(10,981)	—	—	(10,981)
Balance, December 31, 2020	57,785	127,518	218,727	(2,967)	15,074	416,137
Net income	—	—	57,707	—	—	57,707
Other comprehensive income	—	—	—	—	(15,468)	(15,468)
Forfeiture of restricted stock award grants (2,669 shares)	—	64	—	(64)	—	—
Restricted stock award grants (55,218 shares)	—	(1,374)	—	1,374	—	—
Performance based restricted stock award grants (10,587 shares)	—	(262)	—	262	—	—
Stock-based compensation expense	—	1,411	—		—	1,411
Contribution of treasury stock (3,000 shares)	—	(81)	—	81	—	—
Stock-based contribution expense	—	75	—		—	75
Purchase of treasury stock (36,359 shares)	—	—	—	(1,000)	—	(1,000)
Purchase of treasury stock for the purpose of tax withholding related to restricted stock award vesting (6,782 shares)	—	—	—	(143)	—	(143)
Purchase of treasury stock for the purpose of tax withholding related to performance based restricted stock award vesting (941 shares)	—	—	—	(20)	—	(20)
Preferred cash dividend declared	—	—	(4,302)	—	—	(4,302)
Common cash dividends declared ($0.685 per share)	—	—	(11,550)	—	—	(11,550)
Balance, December 31, 2021	57,785	127,351	260,582	(2,477)	(394)	442,847

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
Dollars in thousands, except share and per share data

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

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in thousands

	Year ended December 31, 2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 63,188	$ 57,707	$ 32,743
Adjustments to reconcile net income to net cash provided by operations:			
Provision for credit loss expense	8,589	6,003	15,354
Depreciation and amortization of premises and equipment, operating leases assets, core deposit intangible, and mortgage servicing rights	6,573	6,241	6,082
Accretion of securities, deferred loan fees and costs, net yield and credit mark on acquired loans, and unearned income	(3,316)	(2,127)	(1,955)
Net amortization of deferred costs on borrowings	303	177	—
Accretion of deferred PPP processing fees	(1,889)	(8,737)	(5,140)
Deferred tax (benefit) expense	(1,814)	(1,691)	1,390
Net realized gains on sales of available-for-sale securities	(651)	(783)	(2,190)
Net realized and unrealized losses (gains) on equity securities	1,149	(790)	(328)
Gain on sale of loans held for sale	(1,285)	(2,737)	(2,961)
Net (gains) losses on dispositions of premises and equipment and foreclosed assets	(170)	230	1,097
Proceeds from sale of loans receivable	29,151	95,258	82,619
Origination of loans held for sale	(34,181)	(95,411)	(87,528)
Income on bank owned life insurance	(2,550)	(2,184)	(1,747)
Gain on bank owned life insurance (death benefit proceeds in excess of cash surrender value)	(883)	(454)	—
Restricted stock compensation expense	1,248	1,411	1,410
Stock-based contribution expense	84	75	—
Changes in:			
Accrued interest receivable and other assets	(19,065)	(1,056)	(6,242)
Accrued interest payable, lease liabilities, and other liabilities	19,572	7,788	(3,846)
NET CASH PROVIDED BY OPERATING ACTIVITIES	64,053	58,920	28,758
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturities, prepayments and calls of available-for-sale securities	70,033	170,962	164,488
Proceeds from sales of available-for-sale securities	22,164	33,553	57,185
Proceeds from sale of equity securities	—	—	5,935
Purchase of available-for-sale securities	(48,433)	(341,140)	(224,080)
Proceeds from maturities, prepayments and calls of held-to-maturity securities	23,995	—	—
Purchases of held-to-maturity securities	(213,853)	—	—
Purchase of equity securities	(398)	(407)	(2,447)
Proceeds from loans held for sale previously classified as portfolio loans	—	1,921	—
Net increase in loans receivable	(630,605)	(246,043)	(244,903)
Purchase of bank owned life insurance	(11,644)	(22,000)	—
Proceeds from death benefit of bank owned life insurance policies	3,273	1,390	—
Net cash from business combinations	—	—	72,852
Redemption (purchase) of FHLB, other equity, and restricted equity interests	(7,439)	(2,258)	7,268
Purchase of premises and equipment	(12,290)	(6,484)	(5,644)
Proceeds from the sale of premises and equipment and foreclosed assets	496	746	666
NET CASH USED BY INVESTING ACTIVITIES	(804,701)	(409,760)	(168,680)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) increase in checking, money market and savings accounts	(153,191)	623,967	702,452
Net increase (decrease) in certificates of deposit	60,009	(90,092)	(42,510)
Purchase of treasury stock	(1,671)	(1,163)	(1,307)
Proceeds from common stock offering, net of issuance costs	94,051	—	3,257
Proceeds from preferred stock offering, net of issuance costs	—	—	57,785
Cash dividends paid, common stock	(12,557)	(11,550)	(10,981)
Cash dividends paid, preferred stock	(4,302)	(4,302)	(1,147)
Proceeds from issuance of subordinated notes, net of issuance costs	—	83,484	—
Proceeds from long-term borrowings	—	—	231,985
Repayments on long-term borrowings	—	(50,000)	(459,892)
Net change in short-term borrowings	132,396	—	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	114,735	550,344	479,642
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(625,913)	199,504	339,720
CASH AND CASH EQUIVALENTS, Beginning	732,198	532,694	192,974
CASH AND CASH EQUIVALENTS, Ending	$ 106,285	$ 732,198	$ 532,694

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Dollars in thousands

	Year ended December 31,		
	2022	2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	$ 26,804	$ 20,030	$ 32,957
Income taxes	17,423	11,788	9,524
SUPPLEMENTAL NONCASH DISCLOSURES:			
Transfers to other real estate owned	$ 785	$ 1,470	$ 241
Transfers from loans held for sale to loans held for investment	6,448	9,965	—
Transfers from loans held for investment to loans held for sale	—	1,921	—
Transfer of securities from available-for-sale to held-to-maturity	220,757	—	—
Grant of restricted stock awards from treasury stock	1,000	1,374	934
Grant of performance based restricted stock awards from treasury stock	173	262	217
Restricted stock forfeiture	36	64	—
Contribution of stock from treasury stock	44	81	—
Lease liabilities arising from obtaining right-of-use assets	13,371	2,643	1,386

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

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

Business and Organization

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

Basis of Financial Presentation

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

Use of Estimates

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

Operating Segments

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

Cash and Cash Equivalents

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

Interest-Bearing Deposits in Other Financial Institutions

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

Restrictions on Cash

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

Debt Securities

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

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

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

Allowance for Credit Losses (Debt Securities AFS)

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

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

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

Allowance for Credit Losses (Debt Securities HTM)

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

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

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

Equity Securities

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

Loans Held for Sale

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

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

Loans

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

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

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

Purchased Credit Deteriorated ("PCD") Loans

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

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

Troubled Debt Restructurings ("TDRs")

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

Concentration of Credit Risk

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

Allowance for Credit Losses - Loans

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

The expense for credit loss recorded through earnings is the amount necessary to maintain the allowance for credit losses on loans at the amount of expected credit losses inherent within the loan portfolio. Loans are recorded as charge-offs against the allowance when management confirms a loan balance is uncollectable. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts, and other significant qualitative and quantitative factors. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, changes in environmental conditions, delinquency level, segment growth rates and changes in duration within new markets, or other relevant factors. For further information on the allowance for credit losses on loans, see Note 4, "Loans," for additional detail.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

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

Mortgage Servicing Rights

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

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

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

Transfers of Financial Assets

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

Foreclosed Assets

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

Premises and Equipment

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

Leases

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

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

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

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

Federal Home Loan Bank Stock

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

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

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

Both cash and stock dividends are reported as income.

Qualified Affordable Housing Project Investments

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

Bank Owned Life Insurance

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

Goodwill and Other Intangible Assets

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

The Corporation has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the Corporation's balance sheet.

Other intangible assets consist of core deposit intangible assets arising from the acquisition of FC Banc Corp. in 2013, Lake National Bank in 2016 and Bank of Akron in 2020. The core deposit intangible assets from these acquisitions are amortized using an accelerated method over their estimated useful lives, which range from four years to ten years, respectively.

Loan Commitments and Related Financial Instruments

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

Derivatives

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

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

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

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

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

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

Stock-Based Compensation

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

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

Income Taxes

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

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

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

Retirement Plans

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

Earnings Per Common Share

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

Comprehensive Income

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

Loss Contingencies

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

Treasury Stock

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

Fair Value of Financial Instruments

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

Reclassifications

Certain amounts appearing in the financial statements and notes thereto for prior periods have been reclassified to conform with the current presentation. The reclassifications had no effect on net income or shareholders’ equity as previously reported.

Adoption of New Accounting Standards

Accounting Standards Adopted in 2020

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

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

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

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

The following tables illustrates the impact of ASC 326.

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

	January 1, 2020				
	Pre-CECL Adoption	Reclassification to CECL Portfolio Segmentation	Pre-CECL Adoption Portfolio Segmentation	Post-CECL Adoption Portfolio Segmentation	Impact of CECL Adoption
Assets:					
Allowance for credit losses on loans:					
Commercial, industrial and agricultural	$ 8,287	$ (8,287)	$ —	$ —	$ —
Farmland	—	190	190	251	61
Owner-occupied, nonfarm nonresidential properties	—	2,390	2,390	1,636	(754)
Agricultural production and other loans to farmers	—	25	25	30	5
Commercial and Industrial	—	4,105	4,105	3,474	(631)
Obligations (other than securities and leases) of states and political subdivisions	—	1,022	1,022	791	(231)
Other loans	—	41	41	49	8
Commercial mortgages	6,952	(6,952)	—	—	—
Other construction loans and all land development and other land loans	—	2,327	2,327	3,107	780
Multifamily (5 or more) residential properties	—	1,087	1,087	1,399	312
Non-owner occupied, nonfarm nonresidential properties	—	3,980	3,980	6,527	2,547
Residential real estate	1,499	(1,499)	—	—	—
1-4 Family Construction	—	56	56	21	(35)
Home equity lines of credit	—	180	180	601	421
Residential Mortgages secured by first liens	—	1,220	1,220	2,320	1,100
Residential Mortgages secured by junior liens	—	114	114	249	135
Consumer	2,411	(2,411)	—	—	—
Other revolving credit plans	—	296	296	674	378
Automobile	—	156	156	60	(96)
Other consumer	—	1,960	1,960	2,981	1,021
Credit cards	84	—	84	26	(58)
Overdrafts	240	—	240	240	—
Total allowance for credit losses on loans	$ 19,473	$ —	$ 19,473	$ 24,436	$ 4,963

Retained earnings:	
Total increase in allowance for credit losses on loans	$ 4,963
Balance sheet reclassification	(670)
Total pre-tax impact	4,293
Tax effect	(902)
Decrease in retained earnings	$ 3,391

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

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

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

In March 2020, the FASB issued ASU 2020-04, - Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides optional expedients and exceptions for accounting related to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 applies only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The amendments in this update are effective for all entities as of March 12, 2020, and based upon the amendments provided in ASU 2022-06 discussed below, can generally be applied through December 31, 2024. The adoption of ASU 2020-04 did not significantly impact the Corporation's financial statements and related disclosures.

Accounting Standards Adopted in 2021

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

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

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

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

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

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

Effects of Newly Issued But Not Yet Effective Accounting Standards

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

In March 2022, the FASB issued ASU No. 2022-02, "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." This ASU eliminates the separate recognition and measurement guidance for TDRs by creditors. The elimination of the TDRs guidance may be adopted prospectively for loan modifications after adoption or on a modified retrospective basis, which would also apply to loans previously modified, resulting in a cumulative effect adjustment to retained earnings in the period of adoption for changes in the allowance for credit losses. This guidance is effective for the Corporation on January 1, 2023, with early adoption permitted. The Corporation is evaluating the effect that ASU 2022-02 will have on its consolidated financial statements and related disclosures.

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

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

2. Business Combinations

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

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

3. Securities

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

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

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

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

	December 31, 2022				
	Amortized	Gross Unrealized		Allowance For	Fair
	Cost	Gains	Losses	Credit Losses	Value
U.S. Gov't sponsored entities	$ 307,711	$ —	$ (27,276)	$ —	$ 280,435
Residential & multi-family mortgage	97,054	—	(10,101)	—	86,953
Total	$ 404,765	$ —	$ (37,377)	$ —	$ 367,388

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

The Corporation elected to transfer 23 AFS securities with an aggregate fair value of $101.1 million to a classification of HTM on January 1, 2022. In accordance with FASB ASC 320-10-55-24, the transfer from AFS to HTM must be recorded at the fair value of the AFS securities at the time of transfer. The net unrealized holding gain of $373 thousand, net of tax, at the date of transfer was retained in accumulated other comprehensive income (loss), with the associated pre-tax amount retained in the carrying value of the HTM securities. Such amounts will be amortized to comprehensive income over the remaining life of the securities.

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

Information pertaining to security sales is as follows:

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

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

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

	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
1 year or less	$ 4,693	$ 4,661	$ 5,058	$ 4,966
1 year – 5 years	43,759	41,340	242,927	225,060
5 years – 10 years	90,489	77,501	59,726	50,409
After 10 years	24,117	17,681	—	—
	163,058	141,183	307,711	280,435
Residential and multi-family mortgage	256,111	217,547	97,054	86,953
Pooled SBA	13,823	12,679	—	—
Total debt securities	$ 432,992	$ 371,409	$ 404,765	$ 367,388

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

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

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

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

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

December 31, 2021	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov’t sponsored entities	$ 23,733	$ (553)	$ 37,911	$ (1,215)	$ 61,644	$ (1,768)
State & political subdivisions	55,636	(1,399)	5,026	(283)	60,662	(1,682)
Residential and multi-family mortgage	248,690	(4,837)	45,185	(1,676)	293,875	(6,513)
Corporate notes & bonds	6,466	(249)	3,806	(194)	10,272	(443)
Pooled SBA	4,394	(37)	127	(1)	4,521	(38)
Total	$ 338,919	$ (7,075)	$ 92,055	$ (3,369)	$ 430,974	$ (10,444)

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

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

December 31, 2021	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Gov’t sponsored entities	$ —	$ —	$ —	$ —	$ —	$ —
State & political subdivisions	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —

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

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

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

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

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

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

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

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

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

4. Loans Receivable and Allowance for Credit Losses

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

	2022	Percentage of Total	2021	Percentage of Total
Farmland	$ 32,168	0.8 %	$ 23,768	0.7 %
Owner-occupied, nonfarm nonresidential properties	468,493	11.0	434,672	12.0
Agricultural production and other loans to farmers	1,198	—	1,379	—
Commercial and Industrial [1]	791,911	18.5	708,989	19.5
Obligations (other than securities and leases) of states and political subdivisions	145,345	3.4	140,887	3.9
Other loans	24,710	0.6	13,979	0.4
Other construction loans and all land development and other land loans	446,685	10.5	298,869	8.2
Multifamily (5 or more) residential properties	257,696	6.0	216,143	5.9
Non-owner occupied, nonfarm nonresidential properties	795,315	18.6	663,062	18.2
1-4 Family Construction	51,171	1.2	37,822	1.0
Home equity lines of credit	124,892	2.9	104,517	2.9
Residential Mortgages secured by first liens	942,531	22.0	826,729	22.7
Residential Mortgages secured by junior liens	74,638	1.7	56,689	1.6
Other revolving credit plans	36,372	0.9	26,536	0.7
Automobile	21,806	0.5	20,862	0.6
Other consumer	49,144	1.1	49,676	1.4
Credit cards	10,825	0.3	9,935	0.3
Overdrafts	278	—	278	—
Total loans	$ 4,275,178	100.0 %	$ 3,634,792	100.0 %
Less: Allowance for credit losses	(43,436)		(37,588)	
Loans, net	$ 4,231,742		$ 3,597,204	
Net deferred loan origination fees (costs) included in the above loan table	$ 4,463		$ 5,667	

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

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

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

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

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

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

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

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

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

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

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

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

Transactions in the allowance for credit losses for the year ended December 31, 2020 were as follows:

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

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

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

	December 31, 2022		
	Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due over 89 Days Still Accruing
Farmland	$ 1,011	$ 1,011	$ 994
Owner-occupied, nonfarm nonresidential properties	2,055	1,987	—
Commercial and Industrial	5,485	2,366	71
Other construction loans and all land development and other land loans	567	567	—
Multifamily (5 or more) residential properties	1,066	423	—
Non-owner occupied, nonfarm nonresidential properties	5,081	2,665	—
Home equity lines of credit	475	475	—
Residential Mortgages secured by first liens	4,329	3,882	48
Residential Mortgages secured by junior liens	91	91	—
Other revolving credit plans	26	26	—
Automobile	19	19	—
Other consumer	781	781	—
Credit cards	—	—	8
Total loans	$ 20,986	$ 14,293	$ 1,121

	December 31, 2021		
	Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due over 89 Days Still Accruing
Farmland	$ 965	$ 965	$ —
Owner-occupied, nonfarm nonresidential properties	850	762	—
Commercial and Industrial	7,060	1,653	8
Other construction loans and all land development and other land loans	516	77	—
Multifamily (5 or more) residential properties	1,270	5	—
Non-owner occupied, nonfarm nonresidential properties	3,771	2,143	—
Home equity lines of credit	824	824	—
Residential Mortgages secured by first liens	3,410	3,410	137
Residential Mortgages secured by junior liens	147	147	—
Other revolving credit plans	13	13	—
Automobile	36	36	—
Other consumer	558	558	—
Credit cards	—	—	23
Total loans	$ 19,420	$ 10,593	$ 168

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

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

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

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

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

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

The following table presents the aging of the amortized cost basis in past-due loans as of December 31, 2021 by class of loans.

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

Troubled Debt Restructurings

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

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

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

	Year Ended December 31, 2022			
	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Type of Modification
Commercial and Industrial	1	$ 96	$ 96	Extend Amortization
Non-owner occupied, nonfarm nonresidential properties	1	1,784	1,784	Modify Rate and Extend Amortization
Total loans	2	$ 1,880	$ 1,880	

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

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

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

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

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

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

Credit Quality Indicators

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

The Corporation uses the following definitions for risk ratings:

> Special Mention: A loan classified as special mention has a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Corporation's credit position at some future date.
>
> Substandard: A loan classified as substandard is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. The loan has a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. A substandard loan is characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected.

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

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

	December 31, 2022					
		Non-Pass Rated				
	Pass	Special Mention	Substandard	Doubtful	Total Non-Pass	Total
Farmland	$ 29,706	$ 1,450	$ 1,012	$ —	$ 2,462	$ 32,168
Owner-occupied, nonfarm nonresidential properties	433,467	27,796	7,230	—	35,026	468,493
Agricultural production and other loans to farmers	1,198	—	—	—	—	1,198
Commercial and Industrial	765,821	14,740	10,037	1,313	26,090	791,911
Obligations (other than securities and leases) of states and political subdivisions	145,345	—	—	—	—	145,345
Other loans	24,710	—	—	—	—	24,710
Other construction loans and all land development and other land loans	443,300	1,296	2,089	—	3,385	446,685
Multifamily (5 or more) residential properties	256,120	510	1,066	—	1,576	257,696
Non-owner occupied, nonfarm nonresidential properties	772,450	2,791	20,074	—	22,865	795,315
Total loans	$ 2,872,117	$ 48,583	$ 41,508	$ 1,313	$ 91,404	$ 2,963,521

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

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

	Term Loans Amortized Cost Basis by Origination Year								
	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Farmland									
Risk rating									
Pass	$ 12,321	$ 7,635	$ 1,536	$ 871	$ 3,277	$ 3,523	$ 543	$ —	$ 29,706
Special mention	—	—	—	—	—	1,450	—	—	1,450
Substandard	—	347	—	—	142	523	—	—	1,012
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 12,321	$ 7,982	$ 1,536	$ 871	$ 3,419	$ 5,496	$ 543	$ —	$ 32,168
Owner-occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 116,701	$ 113,575	$ 50,226	$ 55,040	$ 25,327	$ 60,810	$ 11,788	$ —	$ 433,467
Special mention	3,402	—	15,613	872	4,097	814	2,998	—	27,796
Substandard	—	—	355	1,864	862	4,149	—	—	7,230
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 120,103	$ 113,575	$ 66,194	$ 57,776	$ 30,286	$ 65,773	$ 14,786	$ —	$ 468,493
Agricultural production and other loans to farmers									
Risk rating									
Pass	$ 105	$ 140	$ 80	$ 42	$ 179	$ —	$ 652	$ —	$ 1,198
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 105	$ 140	$ 80	$ 42	$ 179	$ —	$ 652	$ —	$ 1,198
Commercial and Industrial									
Risk rating									
Pass	$ 195,955	$ 213,433	$ 51,695	$ 16,730	$ 9,051	$ 19,116	$ 259,841	$ —	$ 765,821
Special mention	241	—	6,691	273	81	45	7,409	—	14,740
Substandard	299	1,809	689	379	324	913	5,624	—	10,037
Doubtful[(1)]	—	1,313	—	—	—	—	—	—	1,313
Total	$ 196,495	$ 216,555	$ 59,075	$ 17,382	$ 9,456	$ 20,074	$ 272,874	$ —	$ 791,911
Obligations (other than securities and leases) of states and political subdivisions									
Risk rating									
Pass	$ 20,840	$ 37,527	$ 13,868	$ 4,584	$ 13,518	$ 50,050	$ 4,958	$ —	$ 145,345
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 20,840	$ 37,527	$ 13,868	$ 4,584	$ 13,518	$ 50,050	$ 4,958	$ —	$ 145,345
Other loans									
Risk rating									
Pass	$ 14,248	$ 5,358	$ 2,278	$ 363	$ —	$ —	$ 2,463	$ —	$ 24,710
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 14,248	$ 5,358	$ 2,278	$ 363	$ —	$ —	$ 2,463	$ —	$ 24,710

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

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

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

	Term Loans Amortized Cost Basis by Origination Year								
	2021	2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Farmland									
Risk rating									
Pass	$ 8,203	$ 1,690	$ 3,276	$ 3,547	$ 564	$ 3,545	$ 461	$ —	$ 21,286
Special mention	—	—	—	—	394	1,120	—	—	1,514
Substandard	388	—	—	—	48	532	—	—	968
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 8,591	$ 1,690	$ 3,276	$ 3,547	$ 1,006	$ 5,197	$ 461	$ —	$ 23,768
Owner-occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 135,095	$ 78,068	$ 78,621	$ 29,100	$ 40,677	$ 50,079	$ 7,728	$ —	$ 419,368
Special mention	243	—	903	4,287	135	1,145	10	—	6,723
Substandard	687	416	2,190	868	250	4,152	18	—	8,581
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 136,025	$ 78,484	$ 81,714	$ 34,255	$ 41,062	$ 55,376	$ 7,756	$ —	$ 434,672
Agricultural production and other loans to farmers									
Risk rating									
Pass	$ 211	$ 103	$ 76	$ 198	$ —	$ —	$ 791	$ —	$ 1,379
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful[(1)]	—	—	—	—	—	—	—	—	—
Total	$ 211	$ 103	$ 76	$ 198	$ —	$ —	$ 791	$ —	$ 1,379
Commercial and Industrial									
Risk rating									
Pass	$ 313,983	$ 84,815	$ 31,375	$ 16,577	$ 12,389	$ 6,777	$ 221,094	$ —	$ 687,010
Special mention	—	363	793	381	82	844	5,483	—	7,946
Substandard	1,991	800	1,862	452	29	2,016	5,504	—	12,654
Doubtful	1,379	—	—	—	—	—	—	—	1,379
Total	$ 317,353	$ 85,978	$ 34,030	$ 17,410	$ 12,500	$ 9,637	$ 232,081	$ —	$ 708,989
Obligations (other than securities and leases) of states and political subdivisions									
Risk rating									
Pass	$ 36,853	$ 16,688	$ 8,774	$ 16,957	$ 20,071	$ 36,764	$ 4,780	$ —	$ 140,887
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 36,853	$ 16,688	$ 8,774	$ 16,957	$ 20,071	$ 36,764	$ 4,780	$ —	$ 140,887
Other loans									
Risk rating									
Pass	$ 5,851	$ 5,305	$ 552	$ 3	$ —	$ —	$ 2,268	$ —	$ 13,979
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 5,851	$ 5,305	$ 552	$ 3	$ —	$ —	$ 2,268	$ —	$ 13,979

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

	Term Loans Amortized Cost Basis by Origination Year								
	2021	2020	2019	2018	2017	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	$ 98,406	$ 168,372	$ 8,752	$ 11,141	$ 853	$ 898	$ 5,681	$ —	$ 294,103
Special mention	1,500	—	650	—	2,071	—	—	—	4,221
Substandard	—	—	—	29	439	—	77	—	545
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 99,906	$ 168,372	$ 9,402	$ 11,170	$ 3,363	$ 898	$ 5,758	$ —	$ 298,869
Multifamily (5 or more) residential properties									
Risk rating									
Pass	$ 74,687	$ 55,663	$ 33,436	$ 7,937	$ 27,729	$ 12,882	$ 2,438	$ —	$ 214,772
Special mention	—	—	—	—	—	100	—	—	100
Substandard	—	6	682	379	204	—	—	—	1,271
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 74,687	$ 55,669	$ 34,118	$ 8,316	$ 27,933	$ 12,982	$ 2,438	$ —	$ 216,143
Non-owner occupied, nonfarm nonresidential properties									
Risk rating									
Pass	$ 194,800	$ 125,039	$ 84,943	$ 52,233	$ 42,714	$ 123,021	$ 8,784	$ —	$ 631,534
Special mention	—	—	428	1,004	189	5,556	2,451	—	9,628
Substandard	826	—	2,305	1,662	4,638	12,134	335	—	21,900
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 195,626	$ 125,039	$ 87,676	$ 54,899	$ 47,541	$ 140,711	$ 11,570	$ —	$ 663,062

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

	December 31, 2022			December 31, 2021		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
1-4 Family Construction	$ 51,171	$ —	$ 51,171	$ 37,822	$ —	$ 37,822
Home equity lines of credit	124,417	475	124,892	103,693	824	104,517
Residential Mortgages secured by first liens	938,154	4,377	942,531	823,182	3,547	826,729
Residential Mortgages secured by junior liens	74,547	91	74,638	56,542	147	56,689
Other revolving credit plans	36,346	26	36,372	26,523	13	26,536
Automobile	21,787	19	21,806	20,826	36	20,862
Other consumer	48,363	781	49,144	49,118	558	49,676
Total loans	$ 1,294,785	$ 5,769	$ 1,300,554	$ 1,117,706	$ 5,125	$ 1,122,831

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

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

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

	Term Loans Amortized Cost Basis by Origination Year								
	2021	2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
1-4 Family Construction									
Payment performance									
Performing	$ 27,539	$ 9,137	$ 857	$ 66	$ —	$ —	$ 223	$ —	$ 37,822
Nonperforming	—	—	—	—	—	—	—	—	—
Total	$ 27,539	$ 9,137	$ 857	$ 66	$ —	$ —	$ 223	$ —	$ 37,822
Home equity lines of credit									
Payment performance									
Performing	$ 14,383	$ 14,621	$ 9,564	$ 10,584	$ 6,863	$ 39,527	$ 8,151	$ —	$ 103,693
Nonperforming	—	—	9	10	377	428	—	—	824
Total	$ 14,383	$ 14,621	$ 9,573	$ 10,594	$ 7,240	$ 39,955	$ 8,151	$ —	$ 104,517
Residential mortgages secured by first lien									
Payment performance									
Performing	$ 232,606	$ 178,380	$ 111,333	$ 62,850	$ 74,136	$ 160,402	$ 3,475	$ —	$ 823,182
Nonperforming	79	259	227	151	258	2,379	194	—	3,547
Total	$ 232,685	$ 178,639	$ 111,560	$ 63,001	$ 74,394	$ 162,781	$ 3,669	$ —	$ 826,729
Residential mortgages secured by junior liens									
Payment performance									
Performing	$ 20,617	$ 11,256	$ 7,239	$ 4,407	$ 3,508	$ 9,095	$ 420	$ —	$ 56,542
Nonperforming	—	—	—	—	84	63	—	—	147
Total	$ 20,617	$ 11,256	$ 7,239	$ 4,407	$ 3,592	$ 9,158	$ 420	$ —	$ 56,689
Other revolving credit plans									
Payment performance									
Performing	$ 5,313	$ 3,596	$ 3,090	$ 2,592	$ 2,977	$ 8,955	$ —	$ —	$ 26,523
Nonperforming	—	—	4	4	—	5	—	—	13
Total	$ 5,313	$ 3,596	$ 3,094	$ 2,596	$ 2,977	$ 8,960	$ —	$ —	$ 26,536
Automobile									
Payment performance									
Performing	$ 7,047	$ 5,448	$ 4,668	$ 2,457	$ 682	$ 524	$ —	$ —	$ 20,826
Nonperforming	11	13	12	—	—	—	—	—	36
Total	$ 7,058	$ 5,461	$ 4,680	$ 2,457	$ 682	$ 524	$ —	$ —	$ 20,862
Other consumer									
Payment performance									
Performing	$ 30,423	$ 11,017	$ 4,537	$ 1,451	$ 316	$ 1,374	$ —	$ —	$ 49,118
Nonperforming	204	170	96	25	3	60	—	—	558
Total	$ 30,627	$ 11,187	$ 4,633	$ 1,476	$ 319	$ 1,434	$ —	$ —	$ 49,676

	December 31, 2022	December 31, 2021
Credit card		
Payment performance		
Performing	$ 10,817	$ 9,912
Nonperforming	8	23
Total	$ 10,825	$ 9,935

Purchased Credit Deteriorated Loans

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

		July 17, 2020
Purchase price of loans at acquisition	$	21,768
Allowance for credit losses at acquisition		980
Non-credit discount / (premium) at acquisition		1,063
Par value of acquired loans at acquisition	$	23,811

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

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

5. Real Estate Owned

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

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

Expenses related to foreclosed real estate include:

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

6. Fair Value
Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

		Fair Value Measurements at December 31, 2022 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	$ 3,129	$ —	$ 3,129	$ —
States and political subdivisions	95,663	—	95,663	—
Residential and multi-family mortgage	217,547	—	217,547	—
Corporate notes and bonds	42,391	—	42,391	—
Pooled SBA	12,679	—	12,679	—
Total Securities Available-For-Sale	$ 371,409	$ —	$ 371,409	$ —
Interest rate swaps	$ 1,850	$ —	$ 1,850	$ —
Equity Securities:				
Corporate equity securities	$ 6,973	$ 6,973	$ —	$ —
Mutual funds	1,406	1,406	—	—
Money market	479	479	—	—
Corporate notes and bonds	757	757	—	—
Total Equity Securities	$ 9,615	$ 9,615	$ —	$ —
Liabilities				
Interest rate swaps	$ (1,700)	$ —	$ (1,700)	$ —

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

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

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

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

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

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

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

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

Description	Total	Fair Value Measurements at December 31, 2022 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral-dependent loans:				
Farmland	$ 829	$ —	$ —	$ 829
Owner-occupied, nonfarm nonresidential properties	1,071	—	—	1,071
Commercial and industrial	1,631	—	—	1,631
Other construction loans and all land development loans and other land loans	501	—	—	501
Multifamily (5 or more) residential properties	613	—	—	613
Non-owner occupied, nonfarm nonresidential	3,867	—	—	3,867
Home equity lines of credit	335	—	—	335
Residential mortgages secured by first liens	944	—	—	944

Description	Total	Fair Value Measurements at December 31, 2021 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral-dependent loans:				
Farmland	$ 920	$ —	$ —	$ 920
Owner-occupied, nonfarm nonresidential properties	194	—	—	194
Commercial and industrial	3,102	—	—	3,102
Other construction loans and all land development loans and other land loans	248	—	—	248
Multifamily (5 or more) residential properties	627	—	—	627
Non-owner occupied, nonfarm nonresidential	2,889	—	—	2,889

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

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

		Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:					
Farmland	$	829	Valuation of third party appraisal on underlying collateral	Loss severity rates	20% (20%)
Owner-occupied, nonfarm nonresidential properties		1,071	Valuation of third party appraisal on underlying collateral	Loss severity rates	25%-100% (29%)
Commercial and industrial		1,631	Valuation of third party appraisal on underlying collateral	Loss severity rates	3%-49% (23%)
Other construction loans and all land development loans and other land loans		501	Valuation of third party appraisal on underlying collateral	Loss severity rates	33% (33%)
Multifamily (5 or more) residential properties		613	Valuation of third party appraisal on underlying collateral	Loss severity rates	19%-25% (23%)
Non-owner occupied, nonfarm nonresidential		3,867	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-53% (35%)
Home equity lines of credit		335	Valuation of third party appraisal on underlying collateral	Loss severity rates	15% (15%)
Residential mortgages secured by first liens		944	Valuation of third party appraisal on underlying collateral	Loss severity rates	15%-27% (21%)

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2021:

		Fair value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans receivable:					
Farmland	$	920	Valuation of third party appraisal on underlying collateral	Loss severity rates	60% (60%)
Owner-occupied, nonfarm nonresidential properties		194	Valuation of third party appraisal on underlying collateral	Loss severity rates	0%-60% (57%)
Commercial and industrial		3,102	Valuation of third party appraisal on underlying collateral	Loss severity rates	0%-59% (42%)
Other construction loans and all land development loans and other land loans		248	Valuation of third party appraisal on underlying collateral	Loss severity rates	25% (25%)
Multifamily (5 or more) residential properties		627	Valuation of third party appraisal on underlying collateral	Loss severity rates	0%-57% (26%)
Non-owner occupied, nonfarm nonresidential		2,889	Valuation of third party appraisal on underlying collateral	Loss severity rates	25%-60% (34%)

Fair Value of Financial Instruments

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

	Carrying Amount	Fair Value Measurement Using: Level 1	Level 2	Level 3	Total Fair Value
ASSETS					
Cash and cash equivalents	$ 106,285	$ 106,285	$ —	$ —	$ 106,285
Debt securities available-for-sale	371,409	—	371,409	—	371,409
Debt securities held-to-maturity	404,765	—	367,388	—	367,388
Equity securities	9,615	9,615	—	—	9,615
Loans held for sale	231	—	231	—	231
Net loans receivable	4,231,742	—	—	4,157,843	4,157,843
FHLB and other restricted stock holdings and investments	30,715	n/a	n/a	n/a	n/a
Interest rate swaps	1,850	—	1,850	—	1,850
Accrued interest receivable	20,194	—	2,867	17,327	20,194
LIABILITIES					
Deposits	$ (4,622,437)	$ (4,175,976)	$ (445,788)	$ —	$ (4,621,764)
Short-term borrowings	(132,396)	—	(132,396)	—	(132,396)
Subordinated debentures	(104,584)	—	(117,378)	—	(117,378)
Interest rate swaps	(1,700)	—	(1,700)	—	(1,700)
Accrued interest payable	(1,839)	—	(1,839)	—	(1,839)

The following table presents the carrying amount and fair value of financial instruments at December 31, 2021:

	Carrying Amount	Fair Value Measurement Using: Level 1	Level 2	Level 3	Total Fair Value
ASSETS					
Cash and cash equivalents	$ 732,198	$ 732,198	$ —	$ —	$ 732,198
Securities available-for-sale	697,191	4,995	692,196	—	697,191
Equity securities	10,366	10,366	—	—	10,366
Loans held for sale	849	—	858	—	858
Net loans	3,597,204	—	—	3,613,452	3,613,452
FHLB and other equity interests	23,276	n/a	n/a	n/a	n/a
Interest rate swaps	2,124	—	2,124	—	2,124
Accrued interest receivable	15,516	16	2,171	13,329	15,516
LIABILITIES					
Deposits	$ (4,715,619)	$ (4,329,167)	$ (391,850)	$ —	$ (4,721,017)
Subordinated debentures	(104,281)	—	(92,675)	—	(92,675)
Interest rate swaps	(2,512)	—	(2,512)	—	(2,512)
Accrued interest payable	(886)	—	(886)	—	(886)

While estimates of fair value are based on management's judgment of the most appropriate factors as of the balance sheet dates, there is no assurance that the estimated fair values would have been realized if the assets had been disposed of or the liabilities settled at that date, since market values may differ depending on various circumstances. The estimated fair values would also not apply to subsequent dates. The fair value of other equity interests is based on the net asset values provided by the underlying investment partnership. ASU 2015-7 removes the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share practical expedient and related disclosures. In addition, other assets and liabilities that are not financial instruments, such as premises and equipment, are not included in the disclosures.

Also, non-financial assets such as, among other things, the estimated earnings power of core deposits, the earnings potential of trust accounts, the trained workforce, and customer goodwill, which typically are not recognized on the balance sheet, may have value but are not included in the fair value disclosures.

7. Secondary Market Mortgage Activities

Total loans serviced for others were $264.5 million and $264.2 million for the years ended December 31, 2022 and 2021, respectively.

The following summarizes secondary market mortgage activities for the years ended December 31, 2022, 2021, and 2020:

	December 31, 2022	December 31, 2021	December 31, 2020
Loans originated for resale	$ 34,181	$ 95,411	$ 87,528
Proceeds from sales of loans held for sale	29,151	97,179	82,619
Net gains on sales of loans held for sale	1,285	2,737	2,961
Loan servicing fees	781	720	726

The following summarizes activity for capitalized mortgage servicing rights for the years ended December 31, 2022, 2021, and 2020:

	December 31, 2022	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 1,664	$ 1,527	$ 1,573
Additions	232	514	540
Servicing rights acquired	—	—	—
Amortization	(92)	(377)	(586)
Balance, end of year	$ 1,804	$ 1,664	$ 1,527

The fair value of mortgage servicing rights is based on market prices for comparable mortgage servicing contracts, when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The fair value of mortgage servicing rights was not materially different than amortized cost at December 31, 2022 and 2021, respectively. No valuation allowance was deemed necessary at December 31, 2022, 2021, and 2020. The fair value of interest rate lock commitments and forward commitments to sell loans were not material at December 31, 2022 or 2021.

8. Premises and Equipment

The following summarizes premises and equipment at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Land	$ 8,534	$ 8,798
Premises and leasehold improvements	74,873	70,212
Furniture and equipment	42,513	39,851
Construction in process	7,582	2,589
	133,502	121,450
Less: accumulated depreciation	64,967	59,791
Premises and equipment, net	$ 68,535	$ 61,659

Depreciation on premises and equipment amounted to $5.3 million in 2022, $5.3 million in 2021 and $4.6 million in 2020.

9. Leases

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

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

Leases	Classification	December 31, 2022	December 31, 2021
Assets:			
Operating lease assets	Operating lease right-of-use assets	$ 32,307	$ 19,928
Finance lease assets	Premises and equipment, net [1]	286	358
Total leased assets		$ 32,593	$ 20,286
Liabilities:			
Operating lease liabilities	Operating lease liabilities	$ 33,726	$ 21,159
Finance lease liabilities	Accrued interest payable and other liabilities	383	469
Total leased liabilities		$ 34,109	$ 21,628

[1] Finance lease assets are recorded net of accumulated amortization of $930 thousand and $858 thousand as of December 31, 2022 and 2021, respectively.

The components of the Corporation's net lease expense for the year ended December 31, 2022, 2021 and 2020 were as follows:

Lease Cost	Classification	December 31, 2022	December 31, 2021	December 31, 2020
Operating lease cost	Net occupancy expense	$ 2,264	$ 1,801	$ 1,785
Variable lease cost	Net occupancy expense	59	55	87
Finance lease cost:				
Amortization of leased assets	Net occupancy expense	72	72	72
Interest on lease liabilities	Interest expense - borrowed funds	19	23	27
Sublease income [1]	Net occupancy expense	(79)	(71)	(86)
Net lease cost		$ 2,335	$ 1,880	$ 1,885

[1] Sublease income excludes rental income from owned properties.

The following table sets forth future minimum rental payments under noncancelable leases with terms in excess of one year as of December 31, 2022:

Maturity of Lease Liabilities as of December 31, 2022	Operating Leases [1]	Finance Leases	Total
2023	$ 2,367	$ 105	$ 2,472
2024	2,298	105	2,403
2025	2,293	105	2,398
2026	2,277	105	2,382
2027	2,220	—	2,220
After 2027	42,626	—	42,626
Total lease payments	54,081	420	54,501
Less: Interest	20,355	37	20,392
Present value of lease liabilities	$ 33,726	$ 383	$ 34,109

[1] Operating lease payments include payments related to options to extend lease terms that are reasonably certain of being exercised and exclude $3.6 million of legally binding minimum lease payments for leases signed, but not yet commenced.

Other information related to the Corporation's lease liabilities as of December 31, 2022 and 2021 was as follows:

Lease Term and Discount Rate	December 31, 2022	December 31, 2021
Weighted-average remaining lease term (years)		
Operating leases	23.9	18.8
Finance leases	4	5
Weighted-average discount rate		
Operating leases	3.83 %	3.42 %
Finance leases	4.49 %	4.49 %

Other information related to the Corporation's lease liabilities as of December 31, 2022 and 2021 was as follows:

Other Information	December 31, 2022	December 31, 2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used by operating leases	$ 1,183	$ 964

10. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the years ended December 31, 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
Balance, beginning of year	$ 43,749	$ 43,749
Acquired during the year	—	—
Balance, end of year	$ 43,749	$ 43,749

Impairment exists when the carrying value of goodwill exceeds its fair value. Goodwill is evaluated for impairment on an annual basis as of December 31 of each year, or whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying value.

At December 31, 2022, the Corporation elected to perform a qualitative assessment to determine if it was more likely than not that the fair value exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value exceeded its carrying value, resulting in no impairment.

Intangible Assets

In connection with its acquisition of FC Banc Corp. in 2013, the Corporation recorded a core deposit intangible asset of $4.8 million. During the years ended December 31, 2022, 2021, and 2020, the Corporation recorded amortization expense of zero, zero and $94 thousand, respectively. The net carrying values at December 31, 2022 and 2021 was zero, respectively. No other intangible assets were required to be recorded in connection with the acquisition of FC Banc Corp.

In connection with its acquisition of Lake National Bank in 2016, the Corporation recorded a core deposit intangible asset of $1.6 million. During the year ended December 31, 2022, 2021, and 2020, the Corporation recorded amortization expense of zero, zero , and $66 thousand, respectively. The net carrying values at December 31, 2022 and 2021 was zero, respectively. No other intangible assets were required to be recorded in connection with the acquisition of Lake National Bank.

In connection with its acquisition of Bank of Akron in 2020, the Corporation recorded a core deposit intangible asset of $613 thousand. During the year ended December 31, 2022, 2021 and 2020, the Corporation recorded amortization expense of $96 thousand, $107 thousand, $46 thousand, respectively. The net carrying value at December 31, 2022 and 2021 was $364 thousand and $460 thousand, respectively. No other intangible assets were required to be recorded in connection with the acquisition of Bank of Akron.

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

2023	$ 85
2024	73
2025	62
2026	51
2027	40
Thereafter	53
Total	$ 364

11. Deposits

The following table reflects time certificates of deposit accounts included in total deposits and their remaining maturities at December 31, 2022:

Time deposits maturing:		
2023	$	262,954
2024		122,314
2025		40,319
2026		9,632
2027		7,547
Thereafter		3,695
Total	$	446,461

Certificates of deposit of $250 thousand or more totaled $135.4 million and $116.6 million at December 31, 2022 and 2021, respectively.

12. Borrowings

At December 31, 2022 and 2021, the Corporation had available one $10 million unsecured line of credit with an unaffiliated institution. Borrowings under the line of credit bear interest at a variable rate equal to SOFR plus 2.85%. There were no borrowings on the line of credit at December 31, 2022 and 2021.

FHLB Borrowings

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

Total loans pledged to the FHLB at December 31, 2022, and 2021, were $1.6 billion and $1.3 billion, respectively. The Bank could obtain advances of up to approximately $757.8 million from the FHLB at December 31, 2022 and $932.7 million at December 31, 2021.

At December 31, 2022 and December 31, 2021, outstanding advances from the FHLB are as follows:

	2022		2021	
Open Repo borrowing at an interest rate of 4.45% at December 31, 2022. The maximum amount of the Open Repo borrowing available is $250,000.	$	132,396	$	—
Total	$	132,396	$	—

At December 31, 2022 and 2021, municipal deposit letters of credit issued by the FHLB on behalf of the Bank naming applicable municipalities as beneficiaries were $75.5 million and $10.4 million, respectively. The letters of credit were utilized in place of securities pledged to the municipalities for their deposits maintained at the Bank.

Other Borrowings

At December 31, 2022 and 2021, 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 is determined quarterly and floats based on the 3 month LIBOR plus 1.55%. The all-in rate was 6.32% at December 31, 2022 and 1.75% at December 31, 2021. The Corporation issued subordinated debentures to the trusts in exchange for the proceeds of the offerings, which debentures represent the sole assets of the trusts. The subordinated debentures must be redeemed no later than 2037. The Corporation may redeem the debentures, in whole or in part, at face value at any time. The Corporation has the option to defer interest payments from time to time for a period not to exceed five consecutive years. Although the trusts are variable interest entities, the Corporation is not the primary beneficiary. As a result, because the trusts are not consolidated with the Corporation, the Corporation does not report the securities issued by the trusts as liabilities. Instead, the Corporation reports as liabilities the subordinated debentures issued by the Corporation and held by the trusts, since the liabilities are not eliminated in consolidation. The trust preferred securities were designated to qualify as Tier 1 capital under the Federal Reserve’s capital guidelines.

Subordinated Notes

In September 2016, the Corporation completed a private placement of $50.0 million in aggregate principal amount of fixed-to-floating rate subordinated notes (the "2026 Notes"). The notes will mature in October 2026, and will initially bear interest at a fixed rate of 5.75% per annum, payable semi-annually in arrears, to, but excluding, October 15, 2021, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 4.55%. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. On October 15, 2021, the Corporation completed its redemption of the 2026 Notes, representing all of the outstanding 2026 Notes. The 2026 Notes were redeemed pursuant to their terms at a price equal to 100% of the principal amount plus accrued and unpaid interest up to, but excluding, October 15, 2021. The total aggregate redemption price was $50.7 million, which amount included an accrued interest payment of $719 thousand. The Corporation financed the redemption with cash on hand, including the net proceeds from the issuance and sale of $85.0 million aggregate principal amount of the Corporation's 3.25% Fixed-to-Floating Rate Subordinated Notes due 2031.

In June 2021, the Corporation sold $85.0 million aggregate principal amount of its fixed-to-floating rate subordinated notes to eligible purchasers in a private offering in reliance on the exemption from the registration requirements of Section 4(a)(2) of the Securities Act and the provisions of Rule 506 of Regulation D thereunder. The notes will mature in June 2031, and initially bear interest at a fixed rate of 3.25% per annum, payable semi-annually in arrears, to, but excluding, June 15, 2026, and thereafter to, but excluding, the maturity date or earlier redemption, the interest rate will reset quarterly to an interest rate per annum equal to the then current three-month average Secured Overnight Financing Rate ("SOFR") plus 2.58%. The net proceeds from the sale were approximately $83.5 million, after deducting offering expenses. These subordinated notes were designed to qualify as Tier 2 capital under the Federal Reserve’s capital guidelines and were given an investment grade rating of BBB- by Kroll Bond Rating Agency. The unamortized debt issuance costs were $1.0 million and $1.3 million as of December 31, 2022 and December 31, 2021, respectively.

13. Employee Benefit Plans

The Corporation sponsors a contributory defined contribution Section 401(k) plan. The plan permits eligible employees to make pre-tax and Roth contributions up to 70% of salary. Employees 21 years of age or over with a minimum of one-year with 1,000 hours of service are eligible for matching contributions by the Corporation at 100% for every 1% contributed up to 3% then 50% for every 1% contributed up to the next 2% in total of the employee’s compensation. The Corporation’s matching contribution and related expenses were $1.6 million, $1.2 million and $1.1 million for the years ended December 31, 2022, 2021, and 2020, respectively. A profit sharing discretionary non-contributory pension plan component is in place for employees 21 years of age or over with a minimum of one-year with 1,000 hours of service and allows employer contributions in an amount equal to a percentage of eligible compensation plus 5.7% of the compensation in excess of $147 thousand, subject to a $305 thousand salary limit. The Corporation recognized profit sharing expense of $2.9 million, $2.0 million and $1.9 million for the year ended December 31, 2022, 2021, and 2019 respectively.

The Corporation has adopted a non-qualified supplemental executive retirement plan ("SERP") for certain executives to compensate those executive participants in the Corporation's retirement plan whose benefits are limited by compensation limitations under current tax law. The SERP is considered an unfunded plan for tax and ERISA purposes and all obligations arising under the SERP are payable from the general assets of the Corporation. At December 31, 2022 and 2021, obligations of $9.7 million and $8.8 million, respectively, were included in other liabilities for this plan. Expenses related to this plan were $1.3 million for the year ended December 31, 2022, $2.1 million for the year ended December 31, 2021 and $992 thousand for the year ended December 31, 2020.

The Corporation has established a Survivor Benefit Plan for the benefit of outside directors. The purpose of the plan is to provide life insurance benefits to beneficiaries of the Corporation's directors who at the time of their death are participants in the plan. The plan is considered an unfunded plan for tax and ERISA purposes and all obligations arising under the plan are payable from the general assets of the Corporation. At December 31, 2022 and 2021, obligations of $1.6 million and $1.5 million, respectively, were included in other liabilities for this plan. Expenses (benefits) related to this plan were $81 thousand for the year ended December 31, 2022, $196 thousand for the year ended December 31, 2021 and $253 thousand for the year ended December 31, 2020.

On December 31, 2021, the Corporation adopted a Defined Contribution Plan for several employees (the "Plan"), pursuant to which the Corporation will make certain annual contributions to the Plan on the employee's behalf, which will be paid to the employee following their termination of employment from the Corporation or, if earlier, upon the employee becoming disabled. The Plan became effective as of January 2, 2022.

The Corporation has an unfunded post-retirement benefits plan which provides certain health care benefits for retired employees who have reached the age of 60 and retired with 30 years of service. The plan was amended in 2013 to include only employees hired prior to January 1, 2000. Benefits are provided for these retired employees and their qualifying dependents from the age of 60 through the age of 65.

The following table sets forth the change in the benefit obligation of the plan as of and for the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Benefit obligation at beginning of year	$ 1,487	$ 1,829
Interest cost	30	28
Service cost	42	52
Actual claims	(50)	(31)
Actuarial gain	(303)	(391)
Benefit obligation at end of year	$ 1,206	$ 1,487

Amounts recognized in accumulated other comprehensive income at December 31, 2022 and 2021 consisted of:

	December 31, 2022	December 31, 2021
Net actuarial gain	$ 972	$ 782
Tax effect	(204)	(165)
Total	$ 768	$ 617

The accumulated benefit obligation was $1.2 million and $1.5 million at December 31, 2022 and 2021, respectively.

The following table sets forth the components of net periodic benefit cost and other amounts recognized in other comprehensive income:

	December 31, 2022	December 31, 2021	December 31, 2020
Service cost	$ 42	$ 52	$ 61
Interest cost	30	28	51
Net amortization of transition obligation and actuarial loss	(113)	(43)	—
Net periodic benefit cost	(41)	37	112
Net gain	(303)	(391)	(277)
Amortization	113	43	—
Total recognized in other comprehensive income	(190)	(348)	(277)
Total recognized in net periodic benefit cost and other comprehensive income	$ (231)	$ (311)	$ (165)

The estimated net gain that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $(174) thousand.

The weighted average discount rate used to calculate net periodic benefit cost was 2.10% for year ended December 31, 2022, 1.55% for year ended December 31, 2021, and 2.59% for year ended December 31, 2020. The weighted average rate used to calculate accrued benefit obligations was 4.72% for year ended December 31, 2022, 2.10% for year ended December 31, 2021, and 1.55% for year ended December 31, 2020. The health care cost trend rate used to measure the expected costs of benefits is 5.0% for 2023 and thereafter.

14. Deferred Compensation Plans

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

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

	December 31, 2022	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 3,675	$ 3,085	$ 3,234
Deferrals, dividends, and changes in fair value	(2)	1,084	(70)
Deferred compensation payments	(23)	(494)	(79)
Balance, end of year	$ 3,650	$ 3,675	$ 3,085

15. Income Taxes

The following is a summary of income tax expense for the years ended December 31, 2022, 2021, and 2020:

	December 31, 2022	December 31, 2021	December 31, 2020
Current – federal	$ 15,494	$ 13,494	$ 8,681
Current – state	1,346	1,268	729
Deferred – federal	(1,618)	(1,025)	(1,672)
Deferred – state	(196)	(666)	(391)
Income tax expense	$ 15,026	$ 13,071	$ 7,347

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

	December 31, 2022	%	December 31, 2021	%	December 31, 2020	%
Tax at statutory rate	$ 16,425	21.0 %	$ 14,863	21.0 %	$ 8,419	21.0 %
Tax exempt income, net	(1,036)	(1.3)	(1,016)	(1.4)	(1,119)	(2.8)
Bank owned life insurance	(721)	(0.9)	(554)	(0.8)	(367)	(0.9)
Tax credits, net of amortization	(193)	(0.3)	(215)	(0.3)	(104)	(0.3)
Effect of state tax	908	1.2	476	0.7	576	1.4
Other	(357)	(0.5)	(483)	(0.7)	(58)	(0.1)
Income tax expense	$ 15,026	19.2 %	$ 13,071	18.5 %	$ 7,347	18.3 %

The following table sets forth deferred taxes as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Allowance for credit losses	$ 9,154	$ 7,606
Fair value adjustments – business combination	917	1,240
Deferred compensation	3,448	3,344
Net operating loss carryover	344	327
Post-retirement benefits	647	696
Unrealized loss on interest rate swap	—	81
Nonaccrual loan interest	348	509
Accrued expenses	2,300	1,718
Deferred fees and costs	997	1,259
Unrealized loss on securities available-for-sale	12,914	188
Unrealized loss on securities held-to-maturity	1,265	—
Operating lease liability	7,645	4,845
Other	671	383
	40,650	22,196
Deferred tax liabilities:		
Premises and equipment	3,409	3,093
Unrealized gain on equity securities	119	292
Intangibles – section 197	2,492	2,494
Mortgage servicing rights	399	366
Unrealized gain on interest rate swap	32	—
Operating lease asset	7,397	4,649
Other	68	220
	13,916	11,114
Net deferred tax asset	$ 26,734	$ 11,082

At December 31, 2022 and 2021, the Corporation had no unrecognized tax benefits. The Corporation does not expect the total amount of unrecognized tax benefits to significantly increase in the next twelve months.

At December 31, 2022, the Corporation had state net operating loss carryforwards of approximately $15.5 million related to the acquisition of Bank of Akron, which expire at various dates from 2034 to 2039. The Corporation's ability to utilize carryforwards is limited to $363 thousand per year. Due to this limitation, management determined it is more likely than not that approximately $9.5 million of net operating loss carryforwards will expire unutilized.

The Corporation recognizes interest and/or penalties related to income tax matters as part of income tax expense. At December 31, 2022, 2021 and 2020, there were no amounts accrued for interest and/or penalties and no amounts recorded as expense for the years ending December 31, 2022, 2021, and 2020.

The Corporation and its subsidiaries are subject to U.S. federal income tax, as well as filing various state returns. The Corporation is no longer subject to U.S. federal income tax examinations by the taxing authorities for years prior to 2019. Tax years 2019 through 2022 are open to examination.

16. Related Party Transactions

Loans to principal officers, directors, and their affiliates during 2022 were as follows:

Beginning balance	$	45,757
New loans and advances		6,224
Effect of changes in composition of related parties		(494)
Repayments		(6,489)
Ending balance	$	44,998

Deposits from principal officers, directors, and their affiliates were $13.7 million and $23.5 million at December 31, 2022 and 2021, respectively.

17. Stock-Based Compensation

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

The 2019 Stock Incentive Plan provides for up to 507,671 shares of common stock to be awarded in the form of nonqualified options or restricted stock. For key employees, the vesting of time-based restricted stock is one-third, one-fourth, or one-fifth of the granted restricted shares per year, beginning one year after the grant date, with 100% vesting on the third, fourth or fifth anniversary of the grant date, respectively. Prior to 2018, for non-employee directors, the vesting schedule was one-third of the granted restricted shares per year, beginning one year after the grant date, with 100% vested on the third anniversary of the grant date. Beginning in 2018, stock compensation received by non-employee directors vests immediately. All stock-based compensation grants during the years ending December 31, 2022, 2021 and 2020 and outstanding at December 31, 2022, 2021 and 2020 were time-based and performance-based restricted stock.

During the years ended December 31, 2022, 2021, and 2020, the Executive Compensation and Personnel Committee of the Corporation's Board of Directors granted a total of 57,823, 55,218 and 36,968 shares, respectively, of time-based restricted common stock to certain key employees and all independent directors of the Corporation.

Compensation expense for the restricted stock awards is recognized over the requisite service period based on the fair value of the shares at the date of grant on a straight-line basis. Non-vested restricted stock awards are recorded as a reduction of additional paid-in-capital in shareholders’ equity until earned. Compensation expense resulting from time-based, performance-based and director restricted stock awards was $1.2 million, $1.4 million and $1.4 million for the years ended December 31, 2022, 2021, and 2020, respectively. The total income tax benefit related to the recognized compensation cost of vested restricted stock awards was $262 thousand, $296 thousand and $296 thousand for the years ended December 31, 2022, 2021 and 2020, respectively.

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

	Shares		Weighted-average Grant Date Fair Value
Non-vested at January 1, 2022	69,643	$	24.18
Granted	46,033		26.64
Forfeited	(1,440)		25.04
Vested	(44,490)		25.05
Non-vested at December 31, 2022	69,746	$	25.21

The above table excludes 11,790 shares in restricted stock awards that were granted to the Corporation's Board of Directors and certain employees at a weighted average fair value of $26.71 and immediately vested. As of December 31, 2022 and 2021, there was $1.2 million and $1.1 million, respectively, of total unrecognized compensation cost related to non-vested shares granted under the restricted stock award plan. The fair value of shares vesting during the year end December 31, 2022, 2021, and 2020 was $1.4 million, $835 thousand and $1.1 million, respectively.

In addition to the time-based restricted stock disclosed above, the Corporation's Board of Directors grants performance-based restricted stock awards ("PBRSAs") to key employees. The number of PBRSAs will depend on certain performance conditions earned over a three year period and are also subject to service-based vesting. In 2022, awards with a maximum of 13,761 shares in aggregate were granted to key employees. In 2021, awards with a maximum of 18,210 shares in aggregate were granted to key employees. In 2020, awards with a maximum of 18,100 shares in aggregate were granted to key employees.

Total compensation expense related to the PBRSAs and included in the above compensation expense total was $91 thousand, $378 thousand and $384 thousand for 2022, 2021 and 2020. Estimated remaining unearned compensation related to PBRSAs at December 31, 2022 was $12 thousand.

In 2021, the 2019 PBRSAs were fully earned and in 2022, 11,895 shares were fully distributed. The fair value of the shares distributed in 2022 was $318 thousand. In 2020, the 2018 PBRSAs were fully earned and in 2021, 10,587 shares were fully distributed. The fair value of the 10,587 shares distributed in 2021 was $223 thousand.

The number of authorized stock-based awards still available for grant as of December 31, 2022 was 320,372.

18. Regulatory Capital Matters

Banks and financial holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, for the Bank, prompt corrective action ("PCA") regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can result in regulatory enforcement actions. The net unrealized gain or loss on AFS securities is excluded from computing regulatory capital. Management believes as of December 31, 2022 the Corporation and the Bank meet all capital adequacy requirements to which they are subject.

The PCA regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms alone do not represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion; brokered deposits may not be accepted, renewed or rolled over; and capital restoration plans are required. As of December 31, 2022 and 2021, the most recent regulatory notifications categorized the Bank as well capitalized under the PCA. There are no events or conditions since this notification that management believes have changed the Bank's capital category.

Actual and required capital amounts and ratios are presented below as of December 31, 2022 and 2021. The capital adequacy ratio includes the capital conservation buffer.

	Actual		For Capital Adequacy Purposes [1]		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022						
Total Capital to Risk Weighted Assets						
Consolidated	$ 688,164	16.08 %	$ 449,370	10.50 %	N/A	N/A
Bank	525,048	12.32	447,436	10.50	$ 426,130	10.00 %
Tier 1 (Core) Capital to Risk Weighted Assets						
Consolidated	566,454	13.24	363,776	8.50	N/A	N/A
Bank	489,374	11.48	362,210	8.50	340,904	8.00
Common equity Tier 1 to Risk Weighted Assets						
Consolidated	488,669	11.42	299,580	7.00	N/A	N/A
Bank	481,995	11.31	298,291	7.00	276,984	6.50
Tier 1 (Core) Capital to Average Assets						
Consolidated	566,454	10.74	210,988	4.00	N/A	N/A
Bank	489,374	9.22	212,283	4.00	265,354	5.00
December 31, 2021						
Total Capital to Risk Weighted Assets						
Consolidated	$ 541,651	14.92 %	$ 381,093	10.50 %	N/A	N/A
Bank	475,231	13.16	379,180	10.50	$ 361,123	10.00 %
Tier 1 (Core) Capital to Risk Weighted Assets						
Consolidated	427,988	11.79	308,504	8.50	N/A	N/A
Bank	447,055	12.38	306,955	8.50	288,899	8.00
Common equity Tier 1 to Risk Weighted Assets						
Consolidated	350,203	9.65	254,062	7.00	N/A	N/A
Bank	439,676	12.18	252,786	7.00	234,730	6.50
Tier 1 (Core) Capital to Average Assets						
Consolidated	427,988	8.22	208,208	4.00	N/A	N/A
Bank	447,055	8.63	207,109	4.00	258,887	5.00

(1) The minimum amounts and ratios as of December 31, 2022 and 2021 include the full phase in of the capital conservation buffer of 2.5 percent required by the Basel III framework.

Certain restrictions exist regarding the ability of the Bank to transfer funds to the Corporation in the form of cash dividends, loans or advances. During 2022, $248.2 million of accumulated net earnings of the Bank included in consolidated shareholders' equity, plus any 2023 net profits retained to the date of the dividend declared, is available for distribution to the Corporation as dividends without prior regulatory approval, subject to regulatory capital requirements described above.

19. Derivative Instruments

On September 7, 2018, the Corporation executed an interest rate swap agreement with a 5-year term and an effective date of September 15, 2018 in order to hedge cash flows associated with $10.0 million of a subordinated note that was issued by the Corporation during 2007 and elected cash flow hedge accounting for the agreement. The Corporation's objective in using this derivative is to add stability to interest expense and to manage its exposure to interest rate risk. The interest rate swap involves the receipt of variable-rate amounts in exchange for fixed-rate payments from September 15, 2018 to September 15, 2023 without the exchange of the underlying notional amount. At December 31, 2022, the variable rate on the subordinated debt was 6.32% (LIBOR plus 155 basis points) and the Corporation was paying 4.53% (2.98% fixed rate plus 155 basis points).

As of December 31, 2022 and 2021, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Corporation does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges.

The following tables provide information about the amounts and locations of activity related to the interest rate swaps designated as cash flow hedges within the Corporation's consolidated balance sheet and statement of income as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021, and 2020:

	Liability Derivative		
	Balance Sheet	Fair value	
	Location	December 31, 2022	December 31, 2021
Interest rate contract	Accrued interest receivable (payable) and other assets (liabilities)	$150	$(388)

	(a)	(b)	(c)	(d)	(e)
For the Year Ended December 31, 2022					
Interest rate contract	$425	Interest expense – subordinated debentures	$(127)	Other income	$—
For the Year Ended December 31, 2021					
Interest rate contract	301	Interest expense – subordinated debentures	(276)	Other income	—
For the Year Ended December 31, 2020					
Interest rate contract	(224)	Interest expense – subordinated debentures	(224)	Other income	—

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

Amounts reported in accumulated other comprehensive loss related to the interest rate swap will be reclassified to interest expense as interest payments are made on the subordinated debentures. Such amounts reclassified from accumulated other comprehensive loss to interest expense in the next twelve months are expected to be a $179 thousand benefit.

As of December 31, 2022 and 2021, a cash collateral balance of $200 thousand and $1.1 million, respectively, was maintained with the counterparty to the interest rate swaps. These balances are included in interest bearing deposits with other banks on the consolidated balance sheets.

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

The Corporation pledged cash collateral to another financial institution with a balance $173 thousand as of December 31, 2022 and $3.4 million as of December 31, 2021. This balance is included in interest bearing deposits with other banks on the consolidated balance sheets. The Corporation may require its customers to post cash or securities as collateral on its program of back-to-back swaps depending upon the specific facts and circumstances surrounding each loan and individual swap. In addition, certain language is included in the International Swaps and Derivatives Association agreement and loan documents where, in default situations, the Corporation is permitted to access collateral supporting the loan relationship to recover any losses suffered on the derivative asset or liability. The Corporation may be required to post additional collateral to swap counterparties in the future in proportion to potential increases in unrealized loss positions.

The following table provides information about the amounts and locations of activity related to the back-to-back interest rate swaps within the Corporation's consolidated balance sheet as of December 31, 2022 and 2021:

	Current Notional Amount	Average Maturity (in years)	Weighted Average Fixed Rate	Weighted Average Variable Rate	Fair Value	
December 31, 2022						
3rd Party interest rate swaps	$ 31,417	4.9	4.12 %	1 month LIBOR + 1.68%	$ 1,700	(a)
Customer interest rate swaps	(31,417)	4.9	4.12 %	1 month LIBOR + 1.68%	(1,700)	(b)
December 31, 2021						
3rd Party interest rate swaps	$ 32,768	5.8	4.12 %	1 month LIBOR + 2.27%	$ 2,124	(a)
Customer interest rate swaps	(32,768)	5.8	4.12 %	1 month LIBOR + 2.27%	(2,124)	(b)

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

20. Off-Balance Sheet Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Risk

Loan commitments are made to accommodate the financial needs of the Corporation's customers commitments that result in market risk. Standby letters of credit commit the Corporation to make payments on behalf of customers when certain specified future events occur. They are primarily issued to facilitate customers' trade transactions.

Both arrangements have credit risk, essentially the same as that involved in extending loans to customers, and are subject to the Corporation's normal credit policies. Collateral is obtained based on a credit assessment of the customer.

The Corporation's maximum obligation to extend credit for loan commitments (unfunded loans and unused lines of credit) and standby letters of credit outstanding as of December 31, 2022 and 2021 were as follows:

	December 31, 2022		December 31, 2021	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to make loans	$ 126,594	$ 441,008	$ 94,924	$ 323,013
Unused lines of credit	7,444	725,277	13,265	663,903
Standby letters of credit	16,124	1,603	15,063	1,623

Commitments to make loans are generally made for periods of 60 days or less.

Other Off-Balance Sheet Commitments

The Corporation makes investments in limited partnerships, including certain small business investment corporations and low income housing partnerships. Capital contributions for investments in small business companies ("SBICs") and other limited partnerships, reported in FHLB and other restricted stock holdings and investments on the consolidated balance sheet, as of December 31, 2022 and 2021 were $17.0 million and $14.5 million, respectively. Unfunded capital commitments in investments in SBICs and other limited partnerships totaled $5.5 million and $8.0 million as of December 31, 2022 and 2021, respectively. These investments are accounted for either under the equity method of accounting.

Qualified Affordable Housing Project Investments

The carrying value of investments in the low income housing partnerships, reported in FHLB and other restricted stock holdings and investments on the consolidated balance sheet, as of December 31, 2022 and 2021 were $4.5 million and $5.3 million, respectively. The related amortization for the twelve months ended December 31, 2022, 2021 and 2020 were $803 thousand, $691 thousand and $634 thousand, respectively. Unfunded commitments, reported in accrued interest payable and other liabilities on the consolidated balance sheet, as of December 31, 2022 and 2021 were $1.0 million and $2.1 million, respectively.

Allowance for Credit Losses on Unfunded Loan Commitments

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

The following table presents activity in the allowance for credit losses on unfunded loan commitments for the years ended December 31, 2022 and 2021, respectively:

	Year ended December 31,		
	2022	2021	2020
Beginning balance	$ —	$ —	$ —
Provision for credit losses on unfunded loan commitments [1]	603	—	—
Ending balance	$ 603	$ —	$ —

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

Litigation

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

21. Parent Company Only Financial Information

CONDENSED BALANCE SHEETS	December 31,	
	2022	2021
Assets		
Cash	$ 142,832	$ 47,035
Equity securities	2,750	2,850
Investment in bank subsidiary	466,268	474,902
Investment in non-bank subsidiaries	21,566	20,327
Deferred assets and current receivables	1,782	1,798
Other assets	931	1,044
Total assets	$ 636,129	$ 547,956
Liabilities		
Subordinated debentures	$ 104,584	$ 104,281
Other liabilities	783	828
Total liabilities	105,367	105,109
Stockholders' equity	530,762	442,847
Total liabilities and stockholders' equity	$ 636,129	$ 547,956

CONDENSED STATEMENTS OF INCOME	Year Ended December 31,		
Income:	2022	2021	2020
Dividends from:			
Bank subsidiary	$ 21,225	$ 22,165	$ 16,702
Non-bank subsidiaries	1,431	1,700	10,350
Other	198	210	216
Total income	22,854	24,075	27,268
Expenses	(6,112)	(6,657)	(6,838)
Income before income taxes and equity in undistributed net income of subsidiaries:	16,742	17,418	20,430
Change in net unrealized holdings gains (losses) on equity securities not held for trading	(132)	121	(31)
Income tax benefit	1,422	1,381	1,306
Equity in undistributed net income of bank subsidiary	43,846	37,178	18,197
Equity in undistributed (distributions in excess) of net income of non-bank subsidiaries	1,310	1,609	(7,159)
Net income	63,188	57,707	32,743
Dividends on preferred stock	(4,302)	(4,302)	(1,147)
Net income available to common stockholders	$ 58,886	$ 53,405	$ 31,596
Comprehensive income attributable to the parent	$ 63,613	$ 58,008	$ 32,519

CONDENSED STATEMENTS OF CASH FLOWS	Year Ended December 31,		
	2022	2021	2020
Net income			
Adjustments to reconcile net income to net cash provided by	$ 63,188	$ 57,707	$ 32,743
Operating activities:			
Equity in undistributed net income of bank subsidiary	(43,846)	(37,178)	(18,197)
(Equity in undistributed) distributions in excess of net income of non–bank subsidiaries	(1,310)	(1,609)	7,159
Net unrealized (gains) losses on equity securities	132	(121)	31
Decrease in other assets	609	60	21
Increase in other liabilities	1,571	978	1,091
Net cash provided by operating activities	20,344	19,837	22,848
Cash flows from investing activities			
Purchase of equity securities	(32)	—	(2,000)
Outlays for business acquisition	—	—	(16,126)
Investment in bank subsidiaries	—	—	(41,500)
Net cash used in investing activities	(32)	—	(59,626)
Cash flows from financing activities:			
Dividends paid on common stock	(12,557)	(11,550)	(10,981)
Dividends paid on preferred stock	(4,302)	(4,302)	(1,147)
Proceeds from issuance of long term debt	—	83,484	—
Repayment of long term debt	—	(50,000)	—
Purchase of treasury stock	(1,707)	(1,163)	(1,307)
Net proceeds from the issuance of preferred stock	—	—	57,785
Net proceeds from issuance of common stock	94,051	—	3,257
Net advance to subsidiary	—	—	(850)
Net cash provided by financing activities	75,485	16,469	46,757
Net increase in cash	95,797	36,306	9,979
Cash beginning of year	47,035	10,729	750
Cash end of year	$ 142,832	$ 47,035	$ 10,729

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22. Earnings Per Share

The computation of basic and diluted earnings per common share is shown below. There were no anti-dilutive stock options for the years ended December 31, 2022, 2021, and 2020.

	Years Ended December 31, 2022	2021	2020
Basic earnings per common share computation			
Net income per consolidated statements of income	$ 58,886	$ 53,405	$ 31,596
Net earnings allocated to participating securities	(229)	(183)	(100)
Net earnings allocated to common stock	$ 58,657	$ 53,222	$ 31,496
Distributed earnings allocated to common stock	$ 12,508	$ 11,514	$ 10,942
Undistributed earnings allocated to common stock	46,149	41,708	20,554
Net earnings allocated to common stock	$ 58,657	$ 53,222	$ 31,496
Weighted average common shares outstanding, including shares considered participating securities	18,057	16,875	16,048
Less: Average participating securities	(70)	(55)	(48)
Weighted average shares	17,987	16,820	16,000
Basic earnings per common share	$ 3.26	$ 3.16	$ 1.97
Diluted earnings per common share computation			
Net earnings allocated to common stock	$ 58,657	$ 53,222	$ 31,496
Weighted average common shares outstanding for basic earnings per common share	17,987	16,820	16,000
Add: Dilutive effects of performance based-shares	33	—	—
Weighted average shares and dilutive potential common shares	18,020	16,820	16,000
Diluted earnings per common share	$ 3.26	$ 3.16	$ 1.97

23. Other Comprehensive Income

Other comprehensive income components and related tax effects were as follows for the years ended December 31, 2022, 2021, and 2020:

	December 31, 2022	December 31, 2021	December 31, 2020
Unrealized holding gains (losses) on available-for-sale securities	$ (67,167)	$ (19,526)	$ 12,494
Less reclassification adjustment for gains recognized in earnings	(651)	(783)	(2,190)
Net unrealized gains (losses)	(67,818)	(20,309)	10,304
Tax effect	14,242	4,265	(2,164)
Net-of-tax amount	(53,576)	(16,044)	8,140
Amortization of unrealized gains from held-to-maturity securities	1,107	—	—
Tax effect	(232)	—	—
Net-of-tax amount	875	—	—
Actuarial gain (loss) on postemployment health care plan	303	391	277
Net amortization of transition obligation and actuarial gain	(113)	(43)	—
Net unrealized gain (loss) on postemployment health care plan	190	348	277
Tax effect	(40)	(73)	(58)
Net-of-tax amount	150	275	219
Unrealized gain (loss) on interest rate swap	411	105	(508)
Less reclassification adjustment for losses recognized in earnings	127	276	224
Net unrealized gain (loss)	538	381	(284)
Tax effect	(113)	(80)	60
Net-of-tax amount	425	301	(224)
Other comprehensive income (loss)	$ (52,126)	$ (15,468)	$ 8,135

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The following is a summary of the change in the accumulated other comprehensive income (loss) balance, net of tax, for the years ended December 31, 2022, 2021, and 2020.

	Balance 12/31/21	Comprehensive Income (Loss)	Balance 12/31/22
Unrealized gains (losses) on securities available-for-sale	$ (706)	$ (53,576)	$ (54,282)
Amortization of unrealized gains from held-to-maturity securities	—	875	875
Unrealized gain on postretirement benefits plan	618	150	768
Unrealized loss on interest rate swap	(306)	425	119
Total	$ (394)	$ (52,126)	$ (52,520)

	Balance 12/31/20	Comprehensive Income (Loss)	Balance 12/31/21
Unrealized gains on securities available-for-sale	$ 15,338	$ (16,044)	$ (706)
Unrealized gain on postretirement benefits plan	343	275	618
Unrealized loss on interest rate swap	(607)	301	(306)
Total	$ 15,074	$ (15,468)	$ (394)

	Balance 1/1/20	Comprehensive Income (Loss)	Balance 12/31/20
Unrealized gains (losses) on securities available-for-sale	$ 7,198	$ 8,140	$ 15,338
Unrealized gain (loss) on postretirement benefits plan	124	219	343
Unrealized loss on interest rate swap	(383)	(224)	(607)
Total	$ 6,939	$ 8,135	$ 15,074

24. Revenue from Contracts with Customers

All of the Corporation’s revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Corporation's sources of Non-Interest Income for the years ended December 31, 2022, 2021 and 2020. Items outside the scope of ASC 606 are noted as such.

	December 31, 2022	December 31, 2021	December 31, 2020
Non-interest Income			
Service charges on deposit accounts	$ 7,206	$ 6,195	$ 5,095
Wealth and asset management fees	7,172	6,740	5,497
Mortgage banking [(1)]	1,237	3,147	3,354
Card processing and interchange income	7,797	7,796	5,727
Net realized gains on available-for-sale securities [(1)]	651	783	2,190
Other income	10,703	8,773	6,196
Total non-interest income	$ 34,766	$ 33,434	$ 28,059

[(1)]Not within scope of ASC 606

Management determined that the primary sources of revenue emanating from interest and dividend income on loans and investment securities along with non-interest revenue resulting from security gains, loan servicing, gains on the sale of loans, commitment fees, fees from financial guarantees, certain credit card fees, gains (losses) on sale of other real estate owned not financed by the Corporation, is not within the scope of ASU 2014-9.

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

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

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

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

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

25. Subsequent Events

Subsequent to December 31, 2022, on February 17, 2023, the Corporation purchased 100,000 shares with an average price paid, including commissions, of $24.05.

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

On March 4, 2022, the Corporation's Audit Committee dismissed Crowe LLP ("Crowe") as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2022, and all quarterly periods therein. The Corporation's Audit Committee participated in and approved the decision to change its independent registered public accounting firm.

The audit reports of Crowe on the consolidated financial statements of the Corporation and its subsidiaries as of and for the years ended December 31, 2021 and 2020 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through March 3, 2022, there were no: (1) disagreements (as that term is used in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with Crowe on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have cause them to make reference to the subject matter of the disagreements in connection with their reports, or (2) reportable events (as described in Item 304(a)(1)(v) of Regulation S-K).

Also, on March 4, 2022, the Corporation engaged FORVIS, LLP (formerly known as BKD, LLP) ("FORVIS") as the Corporation's independent registered public accounting firm starting with the fiscal year ending December 31, 2022. The engagement was approved by the Corporation's Audit Committee. During the fiscal years ended December 31, 2021 and 2020, and through March 3, 2022, the Corporation did not consult with FORVIS with respect to (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might have been rendered on the Corporation's consolidated financial statements, or (2) any matters that were either the subject of a disagreement (as that term is used in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

ITEM 9A. CONTROLS AND PROCEDURES

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

Management's Report on Internal Control Over Financial Reporting

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

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

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

Management assessed the effectiveness of the Corporation’s internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 Internal Control-Integrated Framework. Based on our assessment and those criteria, management concluded that the Corporation maintained effective internal control over financial reporting as of December 31, 2022. The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by FORVIS, LLP (formerly known as BKD, LLP), an independent registered public accounting firm that audited the Corporation’s financial statements, as stated in their report which is located in Item 8 of this Annual Report on Form 10-K.

/s/ Michael D. Peduzzi	/s/ Tito L. Lima
President and Chief Executive Officer	Treasurer and Principal Financial Officer
Date: March 3, 2023	Date: March 3, 2023

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated herein by reference from our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders (the "2023 Proxy Statement"), which we will file with the SEC on or before 120 days after our 2022 fiscal year-end, and which will appear in the 2023 Proxy Statement under the captions "Proposal 1. Election of Directors," "Executive Officers," "Corporate Governance – Meetings and Committees of the Board of Directors – Audit Committee," "Certain Transactions" and "Other Matters – Delinquent Section 16(a) Reports."

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

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item 11 is incorporated herein by reference from the 2023 Proxy Statement, including the information in the 2023 Proxy Statement appearing under the captions "Compensation Discussion and Analysis," "Compensation of Executive Officers," "Compensation Committee Report" and "Compensation of Directors."

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

Information required by this Item 12 is incorporated herein by reference from the 2023 Proxy Statement, including the information in the 2023 Proxy Statement appearing under the captions "Stock Ownership" and "Compensation of Executive Officers – Equity Compensation Plan Information."

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

Information required by this Item 13 is incorporated herein by reference from the 2023 Proxy Statement, including the information in the 2023 Proxy Statement appearing under the captions "Proposal 1. Election of Directors," "Corporate Governance" and "Certain Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item 14 is incorporated herein by reference from the 2023 Proxy Statement, including the information in the 2023 Proxy Statement appearing under the captions "Corporate Governance – Meetings and Committees of the Board of Directors – Audit Committee," "Proposal No. 3: Ratification of the Appointment of Independent Registered Public Accounting Firm" and "Concerning the Independent Registered Public Accounting Firm."

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

Report of Independent Registered Public Accounting Firm

FORVIS, LLP, Indianapolis, IN, (U.S. PCAOB Auditor Firm I.D.: 686);

Crowe LLP, Columbus, OH, (U.S. PCAOB Auditor Firm I.D.: 173)

Consolidated Balance Sheets as of December 31, 2022 and 2021

Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2022, 2021, and 2020

Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021, and 2020

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2022, 2021, and 2020

Notes to Consolidated Financial Statements

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

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

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation of CNB Financial Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
3.2	Second Amended and Restated Bylaws of CNB Financial Corporation (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
3.3	Statement with Respect to Shares of 7.125% Series A Fixed-Rate Non-Cumulative Perpetual Preferred Stock, effective as of August 25, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.1	Description of Registrant's Securities (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on March 3, 2022)
4.2	Form of Certificate representing the 7.125% Series A Fixed-Rated Non-Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.3	Deposit Agreement, dated August 25, 2020, among CNB Financial Corporation, American Stock Transfer & Trust Company, LLC, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on August 25, 2020)
4.4	Form of Depositary Receipt representing the Depositary Shares (included as Exhibit A to Exhibit 4.3 of the Registration Statement on Form 8-A filed on August 25, 2020)
4.5	Form of 3.25% Fixed-to-Floating Rate Subordinated Note due 2031 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2021)
10.1(1)	CNB Financial Corporation 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2019)
10.2(1)	Form of CNB Financial Corporation 2019 Omnibus Incentive Plan Restricted Stock Agreement
10.3(1)	Form of CNB Financial Corporation 2019 Omnibus Incentive Plan Performance Restricted Stock Agreement
10.4(1)	Executive Employment Agreement dated October 24, 2019 by and among CNB Financial Corporation, CNB Bank and Joseph B. Bower Jr. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 25, 2019)

Exhibit No.	Description
10.5[1]	Executive Employment Contract, dated February 8, 2012, by and between CNB Bank and Richard L . Greslick, Jr. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 9, 2012)
10.6[1]	Letter Agreement, dated April 4, 2022, by and between CNB, CNB Bank and Joseph E. Dell, Jr. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 4, 2022)
10.7[1]	Executive Employment Agreement, dated March 23, 2020, by and between CNB Financial Corporation, CNB Bank and Tito L. Lima (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 24, 2020)
10.8[1]	Executive Employment Agreement, dated August 30, 2021, by and between CNB Financial Corporation, CNB Bank and Martin T. Griffith (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 3, 2021)
10.9[1]	Executive Employment Agreement, dated October 22, 2021, by and between CNB Financial Corporation, CNB Bank and Michael Peduzzi (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed on April 25, 2021)
10.10[1]	Executive Employment Contract, dated October 7, 2015, by and between CNB Bank and Leanne D. Kassab
10.11[1]	Executive Salary Continuation Plan Agreement, by and between CNB Bank and Joseph B. Bower, Jr., amended and restated, effective as of January 1, 2013
10.12[1]	Executive Salary Continuation Plan Agreement, by and between CNB Bank and Richard L. Greslick, Jr., effective as of January 1, 2013
10.13[1]	Supplemental Executive Retirement Plan for Michael D. Peduzzi, effective as of January 1, 2022
10.14	Form of Subordinated Note Purchase Agreement, dated June 3, 2021, by and among CNB Financial Corporation and the Purchasers identified therein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2021)
10.15[1]	Defined Contribution Plan for Tito L. Lima, effective as of January 2, 2022 (incorporated by reference to Exhibit 10.1 to the Registration's Current Report on Form 8-K filed on January 4, 2022)
10.16[1]	Defined Contribution Plan for Leanne Kassab, effective as of January 1, 2022
10.17[1]	Executive Deferred Compensation Plan, amended and restated, effective as of January 1, 2005
10.18[1]	Executive Deferred Compensation Plan Amendment No. 1, dated as of January 19, 2015
21	List of subsidiaries of CNB Financial Corporation, filed herewith
23.1	Consent of FORVIS, LLP
23.2	Consent of Crowe LLP
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit No.	Description
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Presentation Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

(1) Indicates a management contract or compensatory plan.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

CNB FINANCIAL CORPORATION
(Registrant)

Date: March 3, 2023

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 3, 2023.

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

/s/ Richard L. Greslick, Jr.
RICHARD L. GRESLICK, JR.
Secretary and Director

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

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

/s/ Joel E. Peterson
JOEL E. PETERSON, Director

/s/ Deborah Dick Pontzer
DEBORAH DICK PONTZER, Director

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

/s/ Nicholas N. Scott
NICHOLAS N. SCOTT, Director

/s/ Peter F. Smith
PETER F. SMITH, Chairman

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

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

/s/ Peter C. Varischetti
PETER C. VARISCHETTI, Director

/s/ Julie M. Young
JULIE M. YOUNG, Director

Exhibit 10.2

CNB FINANCIAL CORPORATION
2019 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT
COVER SHEET

CNB Financial Corporation, a Pennsylvania corporation (the "**Company**"), hereby grants (the "**Grant**") shares of its common stock, no par value per share (the "**Stock**"), to the Grantee named below, subject to the vesting and other conditions set forth below. Additional terms and conditions of the Grant are set forth in this cover sheet and in the attached Restricted Stock Agreement (collectively, the "**Agreement**"), in the Company's 2019 Omnibus Incentive Plan (as amended from time to time, the "**Plan**"), and in any written employment or other written compensatory agreement between you and the Company or any Affiliate (if any, the "**Employment Agreement**").

Grantee's Name:	______________________
Grant Date:	______________________
Number of Shares of Stock Covered by the Grant:	______________________
Purchase Price per Share of Stock:	______________________
Vesting Start Date:	______________________
Vesting Schedule:	3-year Subject to your continued Service through each of the applicable vesting dates, one-third (1/3) of the shares of Stock subject to this Grant shall vest on each of the first (1st), second (2nd), and third (3rd) anniversaries of the Vesting Start Date.

By your signature below, you agree to all of the terms and conditions described in the Agreement and in the Plan, a copy of which has been made available to you. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the Plan.

Grantee: ______________________ Date: ______________________
(Signature)

Company:
______________________ Date: ______________________
(Signature)

Name: ______________________
Title: ______________________

CNB FINANCIAL CORPORATION
2019 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

Restricted Stock	This Grant is an award of Stock in the number of shares set forth on the cover sheet of this Agreement, at the purchase price set forth on the cover sheet of this Agreement, and subject to the vesting and other conditions set forth in this Agreement and in the Plan (the "**Restricted Stock**"). The purchase price, if any, is deemed paid by your prior services to the Company and its Affiliates.
Nontransferability	To the extent not yet vested, your shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered, whether by operation of law or otherwise, nor may the shares of Restricted Stock be made subject to execution, attachment, or similar process. If you attempt to do any of these things, you will immediately and automatically forfeit your shares of Restricted Stock.
Vesting	The Company will issue your Restricted Stock in your name as of the Grant Date set forth on the cover sheet of this Agreement. Your Restricted Stock will vest in accordance with the vesting schedule shown on the cover sheet, so long as you continue in Service on each applicable vesting date set forth on the cover sheet (each vesting date, a "**Vesting Date**"). Fractional shares shall be rounded down to the nearest whole share but, if applicable, shall be rounded up or down on the last applicable Vesting Date so that you are eligible to vest in the total number of shares of Stock covered by the Grant; provided, you may not vest in more than the number of shares of Stock covered by the Grant, as set forth on the cover sheet of this Agreement.
Trading Restrictions	If you are subject to any Company "blackout" policy or other trading restriction imposed by the Company (a "**Restricted Period**") on an applicable Vesting Date, any vesting scheduled to occur on such date shall occur instead on the first subsequent date on which you are not subject to any such policy or restriction. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct by you.
Forfeiture of Unvested Stock	Unless the termination of your Service triggers accelerated vesting or other treatment of your Grant pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or Affiliate and you (including your Employment Agreement), in the event that your Service terminates for any reason, you will forfeit to the Company all of the shares of Restricted Stock subject to this Grant that have not yet vested or with respect to which all applicable restrictions and conditions have not lapsed.

Leaves of Absence

For purposes of this Agreement, your Service does not terminate when you go on a *bona fide* employee leave of absence that was approved by the Company or an Affiliate in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, your Service will be treated as terminating ninety (90) days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work.

The Company determines, in its sole discretion, which leaves count for this purpose and when your Service terminates for all purposes under the Plan.

Vesting upon Termination of Employment

Death/Disability/Retirement/Termination without Cause or for Good Reason. If your Service terminates prior to the last Vesting Date for your Restricted Stock because of your death, Disability, Retirement (as defined below), your involuntary termination of employment by the Company without Cause, or your voluntary termination for Good Reason (as defined below), then 100% of your then-unvested shares of Restricted Stock will vest on the effective date of your termination.

Other Termination of Employment. If, before the last Vesting Date for your Restricted Stock, you incur a termination of employment for any reason other than those specified above, whether voluntary or involuntary and prior to a Change in Control, you will forfeit all rights to receive any distribution of Restricted Stock.

Definitions of Retirement and Good Reason

For purposes of this Agreement, the following definitions will apply:

(i) "**Retirement**" means termination of employment with the consent of the Company on or after the "normal retirement age" defined in any tax-qualified retirement plan maintained by the Company.

(ii) "**Good Reason**" means the occurrence of either of the following circumstances, without your express written consent: (A) a material diminution in your base salary; or (B) a material diminution in your authority, duties, or responsibilities. Notwithstanding the foregoing, a resignation will not be considered to have been on account of Good Reason unless: (1) you provide the Company not less than 30 days' advance notice in writing within 90 days of the initial occurrence of the condition that is the basis for such Good Reason and the Company does not correct the condition in the 30-day period; and (2) you resign no later than 60 days after the Company's time period for correcting the condition has expired.

Change in Control

In the event of the consummation of a Change in Control prior to the last Vesting Date and subject to your continued Service through the effective time of the consummation of such Change in Control, then 100% of your then-unvested shares of Restricted Stock will vest as of immediately prior to the consummation of such Change in Control.

Issuance

The issuance of the shares of Restricted Stock and shares of Stock under this Grant will be evidenced in such a manner as the Company, in its discretion, will deem appropriate, including, without limitation, book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates. As your interest in the Restricted Stock vests, the recordation of the number of shares of Restricted Stock and shares of Stock attributable to you will be appropriately modified.

If and to the extent that the shares of Restricted Stock are represented by share certificates rather than book entry, all certificates representing the shares of Restricted Stock issued under this Agreement shall, where applicable, have endorsed appropriate legends.

Withholding Taxes

You agree, as a condition of this Grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the payment of dividends on or the vesting of shares of Restricted Stock or otherwise relating to this Grant. In the event that the Company or any Affiliate determines that any federal, state, local, or foreign tax or withholding payment is required relating to this Grant, the Company or any Affiliate will have the right to require such payments from you or withhold such amounts from other payments due to you from the Company or any Affiliate. To satisfy this withholding obligation, the Company may provide you with the opportunity, in its discretion, to have the Company withhold shares of Stock otherwise issuable to you or by delivering to the Company shares of Stock already owned by you. If the Company provides you with the foregoing opportunity and you fail to make an election to do either, the Company may determine what method to use, including by withholding shares of Stock otherwise issuable to you. The shares of Stock so delivered or withheld must have an aggregate Fair Market Value equal to the withholding obligation and may not be subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

Section 83(b) Election

Under Section 83 of the Code, the difference between the purchase price paid for the shares of Stock and their Fair Market Value on the date any forfeiture restrictions applicable to such shares lapse will be reportable as ordinary income at that time. For this purpose, "forfeiture restrictions" include the forfeiture as to unvested Stock described above. You may elect to be taxed at the time the shares of Restricted Stock are acquired, rather than when such shares cease to be subject to such forfeiture restrictions, by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days after the Grant Date. You will have to make a tax payment to the extent the purchase price is less than the Fair Market Value of the shares on the Grant Date. No tax payment will have to be made to the extent the purchase price is at least equal to the Fair Market Value of the shares on the Grant Date. The form for making this election is attached as **Exhibit A** hereto. Failure to make this filing within the thirty (30)-day period will result in the recognition of ordinary income by you (in the event the Fair Market Value of the shares as of the Vesting Date exceeds the purchase price) as the forfeiture restrictions lapse.

YOU ACKNOWLEDGE THAT IT IS YOUR SOLE RESPONSIBILITY, AND NOT THE COMPANY'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(b), EVEN IF YOU REQUEST THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON YOUR BEHALF. YOU ARE RELYING SOLELY ON YOUR OWN ADVISORS WITH RESPECT TO THE DECISION AS TO WHETHER OR NOT TO FILE ANY CODE SECTION 83(b) ELECTION.

Retention Rights	This Agreement and the Grant do not give you the right to be retained or employed by the Company or any Affiliate in any capacity. Unless otherwise specified in an employment or other written agreement between the Company or any Affiliate and you (including your Employment Agreement), the Company and any Affiliate reserve the right to terminate your Service at any time and for any reason.
Stockholder Rights	You have the right to vote the shares of Restricted Stock and to receive any dividends declared or paid with respect to such shares of Restricted Stock. Any distributions you receive as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be deemed to be a part of the Restricted Stock and subject to the same conditions and restrictions applicable thereto. No adjustments are made for dividends, distributions, or other rights if the applicable record date occurs before your certificate is issued (or an appropriate book entry is made), except as described in the Plan. Your Restricted Stock will be subject to the terms of any applicable agreement of merger, liquidation, or reorganization in the event the Company is subject to such corporate activity.

Forfeiture of Rights

Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, if you should take actions in competition with the Company, or violate the non-solicitation covenant below, the Company shall have the right to cause a forfeiture of your unvested shares of Restricted Stock, and with respect to those shares of Restricted Stock vesting during the period commencing twelve (12) months prior to your termination of Service with the Company, the right to cause a forfeiture of those vested shares of Stock.

Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in competition with the Company if, during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly, own, manage, operate, join, or control, or participate in the ownership, management, operation, or control of, or are a proprietor, director, officer, stockholder, member, partner, or an employee or agent of, or a consultant to any business, firm, Company, partnership, or other entity which competes with any business in which the Company or any of its Affiliates is engaged during your employment or other relationship with the Company or its Affiliates or at the time of your termination of Service. Under the prior sentence, ownership of less than one percent (1%) of the securities of a public company shall not be treated as an action in competition with the Company. If the meaning of competition set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control.

Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in violation of the non-solicitation covenant during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly solicit, hire, induce, entice or encourage or attempt to solicit, hire, induce, entice or encourage any employee of the Company or any of its Affiliates to render services for any other person, firm, entity or corporation or, except in the performance of your duties for the Company or its Affiliates, to terminate his or her employment with the Company or any of its Affiliates. If the meaning of violating the non-solicitation covenant set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control.

Clawback

This Grant is subject to mandatory repayment by you to the Company to the extent you are or in the future become subject to (i) any Company "clawback" or recoupment policy or (ii) any law, rule, or regulation that requires the repayment by you to the Company of compensation paid by the Company to you in the event that you fail to comply with, or violate, the terms or requirements of such policy or law, rule, or regulation.

If the Company is required to prepare an accounting restatement due to (i) the material noncompliance of the Company with any financial reporting requirement under the securities laws or (ii) your misconduct (a "**Triggering Event**"), you will reimburse the Company the amount of any payment in settlement of this Grant earned or accrued during the three-year (3-year) period preceding the Triggering Event.

Applicable Law

This Agreement will be interpreted and enforced under the laws of the Commonwealth of Pennsylvania, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

The Plan	The text of the Plan is incorporated into the Agreement by reference. ***Certain capitalized terms used in the Agreement are defined in the Plan and have the meaning set forth in the Plan.*** This Agreement, the Plan, and your Employment Agreement constitute the entire understanding between you and the Company regarding this Grant of Restricted Stock. Any prior agreements, commitments, or negotiations concerning this Grant are superseded; except that any written employment, consulting, confidentiality, non-solicitation, and/or severance agreement between you and the Company or any Affiliate will supersede this Agreement with respect to its subject matter.
Data Privacy	To administer the Plan, the Company may process personal data about you. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you, such as your contact information and payroll information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this Grant, you give explicit consent to the Company to process any such personal data.
Consent to Electronic Delivery	The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this Grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please contact the Company's Human Resources Department to request paper copies of these documents.
Code Section 409A	The Grant is intended to be exempt from, or to comply with, Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered to be in compliance with Code Section 409A. Notwithstanding anything to the contrary in the Plan or this Agreement, neither the Company, its Affiliates, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on you under Code Section 409A, and neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee will be liable to you or to your estate or beneficiary by reason of any acceleration of income or any additional tax (including any interest and penalties), asserted by reason of the failure of the grant to satisfy the requirements of Code Section 409A or otherwise asserted with respect to the Grant.

By signing the Agreement, you agree to all of the terms and conditions described above and in the Plan.

Exhibit 10.3

CNB FINANCIAL CORPORATION
2019 OMNIBUS INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK AGREEMENT
COVER SHEET

CNB Financial Corporation, a Pennsylvania corporation (the "**Company**"), hereby grants (the "**Grant**") shares of its common stock, no par value per share (the "**Stock**"), to the Grantee named below, subject to the achievement of performance factors over a performance period and other conditions set forth below. Additional terms and conditions of the Grant are set forth in this cover sheet and in the attached Performance Restricted Stock Agreement (collectively, the "**Agreement**"), in the Company's 2019 Omnibus Incentive Plan (as amended from time to time, the "**Plan**"), and in any written employment or other written compensatory agreement between you and the Company or any Affiliate (if any, the "**Employment Agreement**").

Grantee's Name:	______________________
Grant Date:	______________________
Target Number of Shares of Stock Covered by the Grant:	______________________
Maximum Number of Shares of Stock Covered by the Grant:	______________________
Purchase Price per Share of Stock:	______________________
Performance Period:	______________________

By your signature below, you agree to all of the terms and conditions described in the Agreement and in the Plan, a copy of which has been made available to you. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the Plan.

Grantee: ______________________ Date: ______________________
(Signature)

Company:
______________________ Date: ______________________
(Signature)

Name: ______________________
Title: ______________________

CNB FINANCIAL CORPORATION
2019 OMNIBUS INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK AGREEMENT

Restricted Stock

This Grant is an award of Stock in the number of shares set forth on the cover sheet of this Agreement, at the purchase price set forth on the cover sheet of this Agreement, and subject to the terms and conditions set forth in this Agreement and in the Plan (the "**Restricted Stock**"). The purchase price, if any, is deemed paid by your prior services to the Company and its Affiliates.

Nontransferability

To the extent not yet vested, your shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered, whether by operation of law or otherwise, nor may the shares of Restricted Stock be made subject to execution, attachment, or similar process. If you attempt to do any of these things, you will immediately and automatically forfeit your shares of Restricted Stock.

Vesting

The Company will issue your Restricted Stock in your name as of the Grant Date set forth on the cover sheet of this Agreement.

The number of shares of Stock, if any, that are eligible to vest pursuant to the terms of this Agreement (the "**Eligible Stock**") will be calculated based on the attainment, as determined by the Committee, of the performance factors described in **Exhibit A** to this Agreement (the "**Performance Factors**") over the Performance Period set forth on the cover sheet, which number of shares of Eligible Stock may be equal to all or a portion, including none, of the Target Number of Shares of Stock set forth on the cover sheet of this Agreement.

Promptly following the completion of the Performance Period (and no later than seventy-five (75) days following the end of the Performance Period), the Committee will review and certify in writing (i) whether, and to what extent, the Performance Factors for the Performance Period have been achieved and (ii) the number of shares of Eligible Stock. Such certification will be final, conclusive, and binding. If the Committee's certification of the Performance Factors produces a fractional share of Eligible Stock, the number of shares of Eligible Stock shall be rounded down to the next whole integer.

Your right to the Eligible Stock will vest on the Vesting Date (as defined in **Exhibit A** to this Agreement), subject to your continued Service through the Vesting Date.

Trading Restrictions

If you are subject to any Company "blackout" policy or other trading restriction imposed by the Company (a "**Restricted Period**") on the Vesting Date, any vesting scheduled to occur on such date shall occur instead on the first subsequent date on which you are not subject to any such policy or restriction. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct by you.

Forfeiture of Unvested Stock	Unless the termination of your Service triggers accelerated vesting or other treatment of your Grant pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or Affiliate and you (including your Employment Agreement), in the event that your Service terminates for any reason, you will forfeit to the Company all of the shares of Restricted Stock subject to this Grant that have not yet vested or with respect to which all applicable restrictions and conditions have not lapsed.
Leaves of Absence	For purposes of this Agreement, your Service does not terminate when you go on a *bona fide* employee leave of absence that was approved by the Company or an Affiliate in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, your Service will be treated as terminating ninety (90) days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work. The Company determines, in its sole discretion, which leaves count for this purpose and when your Service terminates for all purposes under the Plan.
Issuance	The issuance of the shares of Restricted Stock and shares of Stock under this Grant will be evidenced in such a manner as the Company, in its discretion, will deem appropriate, including, without limitation, book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates. As your interest in the Restricted Stock vests, the recordation of the number of shares of Restricted Stock and shares of Stock attributable to you will be appropriately modified. If and to the extent that the shares of Restricted Stock are represented by share certificates rather than book entry, all certificates representing the shares of Restricted Stock issued under this Agreement shall, where applicable, have endorsed appropriate legends.
Vesting upon Termination of Employment	*Death/Disability/Retirement/Termination without Cause or for Good Reason.* If your Service terminates prior to the Vesting Date because of your death, Disability, Retirement (as defined below), your involuntary termination of employment by the Company without Cause, or your voluntary termination for Good Reason (as defined below), then you will vest as of the date of such termination in a pro rata portion of the shares of Eligible Stock measured as of the most recently completed fiscal quarter (that is, the shares of Eligible Stock that would have otherwise been payable to you to the extent the Performance Goals are achieved as described in **Exhibit A** to this Agreement), with such pro rata portion calculated by multiplying the shares of Eligible Stock by a fraction, the numerator of which equals the number of full months that you were employed during the Performance Period, and the denominator of which equals 36. If the Committee cannot determine the extent to which the Performance Goals have been achieved for the most recently completed fiscal quarter, you will vest in a pro rata portion of the Target Number of Shares of Stock, with such pro rata portion calculated as described above. *Other Termination of Employment.* If, before the Vesting Date, you incur a termination of employment for any reason other than those specified above, whether voluntary or involuntary and prior to a Change in Control, you will forfeit all rights to receive any distribution of Restricted Stock.

Definitions of Retirement and Good Reason

For purposes of this Agreement, the following definitions will apply:

(i) "***Retirement***" means termination of employment with the consent of the Company on or after the "normal retirement age" defined in any tax-qualified retirement plan maintained by the Company.

(ii) "***Good Reason***" means the occurrence of either of the following circumstances, without your express written consent: (A) a material diminution in your base salary; or (B) a material diminution in your authority, duties, or responsibilities. Notwithstanding the foregoing, a resignation will not be considered to have been on account of Good Reason unless: (1) you provide the Company not less than 30 days' advance notice in writing within 90 days of the initial occurrence of the condition that is the basis for such Good Reason and the Company does not correct the condition in the 30-day period; and (2) you resign by no later than 60 days after the Company's time period for correcting the condition has expired.

Change in Control

In the event of the consummation of a Change in Control during the Performance Period and subject to your continued Service through the effective time of the consummation of such Change in Control, then you will vest, as of immediately prior to the consummation of such Change in Control, in a pro rata portion of the shares of Eligible Stock measured as of the most recently completed fiscal quarter (that is, the shares of Eligible Stock that would have otherwise been payable to you to the extent the Performance Goals are achieved as described in **Exhibit A** to this Agreement), with such pro rata portion calculated by multiplying the shares of Eligible Stock by a fraction, the numerator of which equals the number of full months during the Performance Period prior to such Change in Control, and the denominator of which equals 36. If the Committee cannot determine the extent to which the Performance Goals have been achieved for the most recently completed fiscal quarter, you will vest in a pro rata portion of the Target Number of Shares of Stock, with such pro rata portion calculated as described above.

Withholding Taxes

You agree, as a condition of this Grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the payment of dividends on or the vesting of shares of Restricted Stock or otherwise relating to this Grant. In the event that the Company or any Affiliate determines that any federal, state, local, or foreign tax or withholding payment is required relating to this Grant, the Company or any Affiliate will have the right to require such payments from you or withhold such amounts from other payments due to you from the Company or any Affiliate. To satisfy this withholding obligation, the Company may provide you with the opportunity, in its discretion, to have the Company withhold shares of Stock otherwise issuable to you or by delivering to the Company shares of Stock already owned by you. If the Company provides you with the foregoing opportunity and you fail to make an election to do either, the Company may determine what method to use, including by withholding shares of Stock otherwise issuable to you. The shares of Stock so delivered or withheld must have an aggregate Fair Market Value equal to the withholding obligation and may not be subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

Retention Rights

This Agreement and the Grant do not give you the right to be retained or employed by the Company or any Affiliate in any capacity. Unless otherwise specified in an employment or other written agreement between the Company or any Affiliate and you (including your Employment Agreement), the Company and any Affiliate reserve the right to terminate your Service at any time and for any reason.

Stockholder Rights

You have the right to vote the shares of Restricted Stock and, subject to this provision, to receive any dividends declared or paid with respect to such shares of Restricted Stock. Any distributions you receive as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be deemed to be a part of the Restricted Stock and subject to the same conditions and restrictions applicable thereto.

Any cash dividend with respect to the Restricted Stock (including the Eligible Stock) will be subject to the same conditions and restrictions applicable to the Restricted Stock. Any such cash dividends will be accrued from the Grant Date to the date on which the shares of Restricted Stock vest, and such cash dividends will be paid to you as soon as practicable after the date on which your shares of Restricted Stock vest and, in any event, no later than March 15th of the calendar year after your shares of Restricted Stock vest.

No adjustments are made for dividends, distributions, or other rights if the applicable record date occurs before your certificate is issued (or an appropriate book entry is made), except as described in the Plan.

Your Restricted Stock will be subject to the terms of any applicable agreement of merger, liquidation, or reorganization in the event the Company is subject to such corporate activity.

Forfeiture of Rights

Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, if you should take actions in competition with the Company, or violate the non-solicitation covenant below, the Company shall have the right to cause a forfeiture of your unvested shares of Restricted Stock, and with respect to those shares of Restricted Stock vesting during the period commencing twelve (12) months prior to your termination of Service with the Company, the right to cause a forfeiture of those vested shares of Stock.

Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in competition with the Company if, during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly, own, manage, operate, join, or control, or participate in the ownership, management, operation, or control of, or are a proprietor, director, officer, stockholder, member, partner, or an employee or agent of, or a consultant to any business, firm, Company, partnership, or other entity which competes with any business in which the Company or any of its Affiliates is engaged during your employment or other relationship with the Company or its Affiliates or at the time of your termination of Service. Under the prior sentence, ownership of less than one percent (1%) of the securities of a public company shall not be treated as an action in competition with the Company. If the meaning of competition set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control.

Unless otherwise provided in your Employment Agreement or other written agreement between the Company or any Affiliate and you, you take actions in violation of the non-solicitation covenant during your Service with the Company or its Affiliates or for a period of twelve (12) months thereafter, you directly or indirectly solicit, hire, induce, entice or encourage or attempt to solicit, hire, induce, entice or encourage any employee of the Company or any of its Affiliates to render services for any other person, firm, entity or corporation or, except in the performance of your duties for the Company or its Affiliates, to terminate his or her employment with the Company or any of its Affiliates. If the meaning of violating the non-solicitation covenant set forth in your Employment Agreement or other written agreement is inconsistent with the meaning set forth in this Agreement, then the definition set forth in your Employment Agreement or other written agreement shall control.

Clawback

This Grant is subject to mandatory repayment by you to the Company to the extent you are or in the future become subject to (i) any Company "clawback" or recoupment policy or (ii) any law, rule, or regulation that requires the repayment by you to the Company of compensation paid by the Company to you in the event that you fail to comply with, or violate, the terms or requirements of such policy or law, rule, or regulation.

If the Company is required to prepare an accounting restatement due to (i) the material noncompliance of the Company with any financial reporting requirement under the securities laws or (ii) your misconduct (a "Triggering Event"), you will reimburse the Company the amount of any payment in settlement of this Grant earned or accrued during the three-year (3-year) period preceding the Triggering Event.

Applicable Law This Agreement will be interpreted and enforced under the laws of the Commonwealth of Pennsylvania, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

The Plan The text of the Plan is incorporated into the Agreement by reference.

Certain capitalized terms used in the Agreement are defined in the Plan and have the meaning set forth in the Plan.

This Agreement, the Plan, and your Employment Agreement constitute the entire understanding between you and the Company regarding this Grant of Restricted Stock. Any prior agreements, commitments, or negotiations concerning this Grant are superseded; except that any written employment, consulting, confidentiality, non-solicitation, and/or severance agreement between you and the Company or any Affiliate will supersede this Agreement with respect to its subject matter.

Data Privacy To administer the Plan, the Company may process personal data about you. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you, such as your contact information and payroll information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan.

By accepting this Grant, you give explicit consent to the Company to process any such personal data.

Consent to Electronic Delivery The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this Grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please contact the Company's Human Resources Department to request paper copies of these documents.

Code Section 409A The Grant is intended to be exempt from, or to comply with, Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered to be in compliance with Code Section 409A. Notwithstanding anything to the contrary in the Plan or this Agreement, neither the Company, its Affiliates, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on you under Code Section 409A, and neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee will be liable to you or to your estate or beneficiary by reason of any acceleration of income or any additional tax (including any interest and penalties), asserted by reason of the failure of the grant to satisfy the requirements of Code Section 409A or otherwise asserted with respect to the Grant.

By signing the Agreement, you agree to all of the terms and conditions described above and in the Plan.

EXHIBIT A

NUMBER AND VESTING OF ELIGIBLE STOCK

The shares of Eligible Stock are subject to both the Performance-Based Vesting Requirements and Time-Based Vesting Requirements set forth below.

Performance-Based Vesting Requirements:

Promptly following the end of the Performance Period, the Committee will determine your number of shares of Eligible Stock based on the Committee's assessment of the achievement of the following performance factors (together, the "**Performance Factors**") during the Performance Period: the [EPS Performance Factor] and the [ROAE Performance Factor].

The Committee will assess each of the Performance Factors independently, as outlined below, and thereby determine the [EPS Award] and [ROAE Award]. The sum of the [EPS Award] and [ROAE Award], rounded to the nearest whole share, will determine the number of Actual Performance Shares. In no event may you earn more than the Maximum Number of Shares of Stock as set forth on the cover sheet of the Agreement.

Determination of [EPS Award]

Half of the Target Number of Shares of Stock is multiplied by the [EPS Performance Factor] to determine your [EPS Award]. The Committee will calculate the [EPS Award] based on the Company's annual cumulative growth rate during the Performance Period [("**EPS Growth**")] relative to the Industry Index (as defined below). The Committee will calculate [EPS Growth] for the Company and for each other company in the Industry Index for the Performance Period by dividing (x) [the sum of the company's diluted earnings per share for each of the years during the Performance Period] by (y) [the company's diluted earnings per share for the calendar year prior to the Performance Period], based on data available to the public. The ["**EPS Performance Factor**"] will be based on the Company's percentile ranking of its [EPS Growth] among the companies in the Industry Index, as determined under the following table:

[EPS Growth] Percentile Ranking	[EPS Performance] Factor (%)
At or above the [ ] Percentile (Top [ ]%)	[ ]%
At the [ ] Percentile	[ ]%
At the [ ] Percentile	[ ]%
Below the [ ] Percentile (Bottom [ ]%)	[ ]%

For performance between stated ranking in the table above, the performance factor is determined using a straight-line interpolation.

For purposes of this Agreement, the "**Industry Index**" will consist of the [ ] as of the first trading day of the Performance Period. If any company in the Industry Index has a negative diluted earnings per share in the calendar year prior to the Performance Period, the Committee will not calculate [EPS Growth] for such company, but such company will remain included in the Industry Index for purposes of determining the Company's [EPS Growth] Percentile Ranking. Also, if an Industry Index component company is acquired or is delisted from the major exchange during the Performance Period, such company will be excluded from the Industry Index and the total sample size will be reduced.

Diluted earnings per share will be determined after making adjustments to exclude the following: (a) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;

(b) any reorganization and restructuring programs; and (c) acquisitions or divestitures and related expenses.

For clarity, no [EPS Award] will be earned if the Company's [EPS Growth] Percentile Ranking is below the [ ] Percentile.

Determination of [ROAE Award]

Half of the Target Number of Shares of Stock is multiplied by the [ROAE Performance Factor] to determine your [ROAE Award]. The Committee will calculate the [ROAE Award] based on the Company's achievement of [Return on Average Equity ("**ROAE**")] during the Performance Period relative to the Industry Index (as defined below). The Committee will calculate the [ROAE] for the Company and for each other company in the Industry Index for the Performance Period based on data available to the public. The ["**ROAE Performance Factor**"] will be based on the Company's percentile ranking of its [ROAE] among the companies in the Industry Index, as determined under the following table:

[ROAE] Percentile Ranking	**[ROAE Performance Factor] (%)**
At or above the [ ] Percentile (Top [ ]%)	[ ]%
At the [ ] Percentile	[ ]%
At the [ ] Percentile	[ ]%
Below the [ ] Percentile (Bottom [ ]%)	[ ]%

For performance between stated ranking in the table above, the performance factor is determined using a straight-line interpolation.

For purposes of this Agreement, the "**Industry Index**" will consist of the [ ] as of the first trading day of the Performance Period; provided that, if an Industry Index component company is acquired or is delisted from the major exchange during the Performance Period, such company will be excluded from the Industry Index and the total sample size will be reduced.

[ROAE] will be determined after making adjustments to exclude the following: (a) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (b) any reorganization and restructuring programs; and (c) acquisitions or divestitures and related expenses.

For clarity, no [ROAE Award] will be earned if the Company's [ROAE] Percentile Ranking is below the [ ] Percentile.

EXECUTIVE EMPLOYMENT CONTRACT

MADE this 7th day of ~~SEPTEMBER~~ October, 2015, by and between **CNB BANK**, a state banking institution organized under the laws of the Commonwealth of Pennsylvania, with principal office at Thirty-One South Second Street, PO Box 42, Clearfield, Pennsylvania, 16830, (hereinafter collectively referred to as "CNB");

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D

LEANNE D. KASSAB, an adult individual, residing at [redacted] (hereinafter "MS. KASSAB").

WHEREAS, MS. KASSAB has been employed by CNB as an Executive Vice President; and,

WHEREAS, the Parties wish to memorialize their contractual relationship.

NOW WITNESSETH:

The Parties for themselves, their heirs, successors and assigns, in consideration of their mutual promises contained herein, intending to be legally bound, hereby agree to the following terms and conditions.

1. **PRIOR AGREEMENTS:** The Parties terminate all prior employment agreements, verbal or written, between them effective on the date hereof.

2. **EMPLOYMENT:** CNB will employ MS. KASSAB as an Executive Vice President, MS. KASSAB agrees to serve in that capacity. MS. KASSAB promises that during the term of this Agreement she shall dedicate her full time, attention and energies to her employment with CNB. MS. KASSAB further promises that she will

report to CNB's President and CEO, carry out his decisions and otherwise abide by and enforce the policies of CNB.

MS. KASSAB shall also perform such other reasonable duties as may hereafter be assigned to her by CNB consistent with her abilities and position, including but not limited to services to CNB's parent CNB Financial Corporation and its other subsidiaries.

MS. KASSAB will not engage in any other employment during the term of this Agreement, nor shall she engage in self-employed activities.

MS. KASSAB also recognizes that CNB's success and recognition depend on her involvement with charitable and social organizations. In this regard, MS. KASSAB agrees to engage in such social and charitable activities or organizations as are consistent with her personal responsibilities and with her position with CNB.

MS. KASSAB shall also comply with all other CNB procedures and polices now or hereafter in effect.

MS. KASSAB further agrees that she and the members of her family shall comport themselves at all times in a manner that reflects upon CNB in a positive fashion.

3. **TERM**: The term of this Agreement shall be for three (3) years commencing on 7th day of October, 2015 and ending on December 31, 2018, unless terminated sooner pursuant to the other provisions of this Agreement.

The Parties agree that this contract shall automatically renew itself for successive terms of one (1) year unless either party gives the other ninety (90) days written notice of her or its intent not to renew the contract prior to the end of the then current term.

However, the provisions of Paragraphs 6 and 7 shall continue inforce and in accordance with the provisions therein and shall survive the expiration or termination of the term of employment.

4. **COMPENSATION:** MS. KASSAB's shall be paid a base salary to be established annually by the Board of Directors. MS. KASSAB may also receive such annual increases, stock, stock rights and bonuses as may from time-to-time be awarded by the Board of Directors.

CNB will also provide MS. KASSAB with a family membership at the Clearfield-Curwensville Country Club.

5. **OTHER BENEFITS:** MS. KASSAB shall participate in CNB's retirement plan, health insurance plan, life insurance plan and receive such other benefits as CNB from time-to-time may provide to its employees.

MS. KASSAB shall also be entitled to 22 days paid vacation plus such sick leave as she may reasonable and actually require, both of which are upon condition that, consistent with the past practice of senior executives at CNB and upon condition that, in the opinion of the Board of Directors the amount and timing of her vacation does not unreasonably interfere with or detract from the fulfillment of her duties under this Agreement.

MS. KASSAB shall be entitled to bereavement and such other employee benefits as now or hereafter granted by CNB's personnel policies.

6. **CONFIDENTIAL INFORMATION**: MS. KASSAB acknowledges and agrees that as an inducement to CNB to employ her and enter this written contract with her, that she shall not disclose, directly or indirectly, intentionally or unintentionally, during the term of this contract or at any time after its termination, any of CNB's proprietary information, financial information or reports, account information, customer lists, customer information, policies, pricing, strategy, codes, strategic plan, plans for expansion or business development or other information of a confidential nature (hereinafter referred to as "Confidential Information"), whatsoever regarding CNB without first obtaining the prior, written consent from CNB's Chairperson of the Board that such disclosure is authorized. Communications with CNB's employees, customers and business relations are excepted from the foregoing prohibition during the term of this Agreement to the extent that such communications are consistent with MS. KASSAB's duties.

Confidential Information shall include all information recorded, memorialized or communicated in any form whether written, printed, verbal, video, photographic, electronic, magnetic, digital or otherwise. This shall also include such confidential information as MS. KASSAB may have memorized or remembered notwithstanding Pennsylvania or other law to the contrary.

Upon termination of this contract for any reason, MS. KASSAB promises that she shall promptly return to CNB or its designated representative any Confidential Information, automobile, insurance cards, owner's cards, keys, credit cards, or other CNB property, in her possession.

MS. KASSAB further promises that she will not take, keep, or record copies, duplications or reproductions of the Confidential Information or other property subject to this Agreement after termination of this Agreement.

7. **COVENANT NOT TO COMPETE:** As additional consideration to CNB for entering this Agreement, and for granting the severance benefits described in Paragraph 8 below which are a new benefit, MS. KASSAB covenants that she shall not compete against CNB, its parent, affiliates or subsidiaries, either directly or indirectly, by taking employment, gratuitously assisting or serving as an independent contractor, consultant, partner, director or officer with a competitor of CNB, or starting her own business which would compete directly or indirectly with CNB, or have a material interest in any business, corporation, partnership, LLC, savings and loan, bank, financial institution, brokerage, or other venture which competes directly or indirectly with CNB while she is employed by CNB and until the earlier of the following: (i) the expiration of a period of three (3) years following the date on which MS. KASSAB is last employed by CNB or (ii) the date of a change in control of CNB, as defined in Section 8. For the purpose of defining and enforcing this covenant, CNB's competitors will be identified at the time it seeks enforcement of this covenant. This determination shall be based on CNB's market area and CNB's plans for expansion or

acquisition into other market areas at the time enforcement of this covenant is sought.

The Parties also agree that indirect competition shall include the instances stated above but involving MS. KASSAB's spouse or children.

The Parties further agree that MS. KASSAB's covenant not to compete shall apply in the event of her regular retirement or voluntary termination of her employment hereunder. MS. KASSAB agrees in this regard that the security provided by this Agreement is adequate consideration for her covenant not to compete.

MS. KASSAB agrees that the relevant public policy and legal aspects of covenants not to compete have been discussed with her and that every effort has been made to limit the restrictions placed upon MS. KASSAB to those that are reasonable and necessary to protect CNB's legitimate interests. MS. KASSAB acknowledges that, based upon her education, experience, and training, the non-compete and non-solicitation provisions of this Section 7 will not prevent MS. KASSAB from earning a livelihood and supporting MS. KASSAB and her family during the relevant time period.

The existence of a claim, charge, or cause of action by MS. KASSAB against CNB or any of its affiliates shall not constitute a defense to the enforcement by CNB of the foregoing restrictive covenants, but such claim, charge, or cause of action shall be litigated separately.

If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, the court is

hereby expressly authorized to modify this Agreement or to interpret this Agreement to extend only over the maximum period of time, range of activities, or geographic areas as to which it may be enforceable.

8. **SEVERANCE PAY:** If MS. KASSAB's employment is terminated without cause, whether or not a change in control of CNB has occurred, MS. KASSAB shall be entitled to severance benefits equal to 2.50 times the average of her base salary for the five (5) years in which her employment ends plus 2.50 times the average of MS. KASSAB's incentive pay bonuses for the five (5) years preceding the year in which her employment is terminated hereunder. This severance pay shall be tendered to MS. KASSAB in cash in lump sum following the end of her employment with CNB. MS. KASSAB shall also be entitled to this severance pay if she voluntarily terminates her employment with CNB after a change in control for any of the following reasons after providing CNB notice within ninety (90) days of the occurrence of the event and a thirty (30) day opportunity to cure:

A. Reduction in title or responsibilities;

B. Assignment of duties or responsibilities inconsistent with MS. KASSAB'S status as Executive Vice President;

C. A reduction in salary or other benefits; and, or,

D. Reassignment to a location greater than 25 miles from the location of MS. KASSAB's office on the date of change and control.

For the purposes of this Agreement, a "change in control" shall include but not be limited to the following:

1. Sale of all or substantially all of CNB's or CNB Financial Corporation's stock;

2. Sale of all or substantially all of CNB's or CNB Financial Corporation's assets;

3. Acquisition by a third party or group acting in concert of stock sufficient to elect a majority of directors to the Board of CNB or CNB Financial Corporation; or,

4. Ownership of more than 50% of CNB Financial Corporation stock by a single person or entity or more than one person or entity acting as a group.

Notwithstanding anything in this Agreement to the contrary, it will be a condition to MS. KASSAB's right to receive any severance benefits under this Section 8 that she execute and deliver to CNB no later than fifty-three (53) days following the date of termination and not revoke a release of claims in favor of CNB in the form as may be reasonably prescribed by CNB. Severance payments and benefits will commence following the expiration of the sixty (60) day period following termination of employment, provided that MS. KASSAB has executed and delivered and not revoked the release no later than fifty-three (53) days following the date of termination and such release is effective upon the sixtieth (60^{th}) day following termination of employment.

A form of the release which MS. KASSAB will be required to sign in order to receive the foregoing benefits is attached hereto incorporated in this Agreement as Exhibit A, and MS. KASSAB hereby expressly approves it.

9. **TERMINATION**: This Agreement may be terminated on the occurrence of any of the following events and if terminated under this paragraph, MS. KASSAB shall not be entitled to severance benefits under Paragraph 8:

A. The execution of a written agreement between CNB and MS. KASSAB to terminate this Agreement;

B. MS. KASSAB's death;

C. MS. KASSAB's breach of any term or condition of this Agreement;

D. MS. KASSAB' s failure or refusal to comply with such reasonable policies, directions, standards and regulations that CNB may establish from time to time;

E. MS. KASSAB's inability to fully and competently perform her duties hereunder for a period of 180 continuous days due to physical, mental or psychological illness, injury or condition; or,

F. MS. KASSAB ceases to qualify for her offices and responsibilities under this Agreement pursuant to any statute or regulation, now or hereafter issued by the United States of America, the Federal Reserve, the Office of the Comptroller of Currency, the Pennsylvania Department of Banking or other regulatory agency or body duly invested with authority over CNB, its parent or affiliate(s).

10. **NOTICES:** All notices or communications required by or bearing upon this Agreement or between the Parties shall be in writing and sent by First Class Mail to the Parties as follows unless otherwise specified above:

CNB Financial Corporation
CNB Bank
Attention: President & CEO
31 S. 2nd St., PO Box 42
Clearfield, PA 16830

Leanne D. Kassab
[redacted]

11. **NON-ASSIGNMENT:** The Parties acknowledge the unique nature of services to be provided by MS. KASSAB under this Agreement, the high degree of responsibility borne by her and the personal nature of her relationship to CNB'S

Board of Directors, CNB's Executive Officers, its other employees and customers. Therefore, the Parties agree that MS. KASSAB may not assign this Agreement.

12. **ARBITRATION:** The Parties agree that all disputes or questions arising under this Agreement or because of their employment relationship shall be submitted to arbitration by three (3) arbitrators. Each Party shall select one (1) arbitrator, and then those two (2) arbitrators shall select a third (3) arbitrator. The arbitrators' decision need not be unanimous. Arbitration shall be conducted at a private location in Clearfield County convenient to the Parties. The arbitrators must reach and give notice of their decision within five (5) days after completion of an arbitration. The Pennsylvania Uniform Arbitration Act, 42 Pa.C.S.A. §57301 et. sec. shall govern arbitrations hereunder. CNB shall compensate the arbitrators and stenographer if used. CNB shall also pay for the arbitration room. Each party shall pay their attorney fees and other costs.

13. **LIMITATION ON PAYMENTS:** In the event that the severance and other benefits provided for in this Agreement or otherwise payable to MS. KASSAB (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 13, would be subject to the excise tax imposed by Section 4999 of the Code, than MS. KASSAB's severance benefits shall be either:

A. delivered in full (the "Full Amount"), or

B. delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code (the "Reduced Amount").

MS. KASSAB shall only be entitled to delivery of the Full Amount if, on an after-tax basis after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, payment of the Full Amount would result in MS. KASSAB receiving an amount equal to or greater than 110% of the Reduced Amount. If MS. KASSAB is entitled to receive the Reduced Amount, the payments and/or benefits to be provided under this Agreement shall be reduced, but not below zero, by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments. Unless CNB and MS. KASSAB otherwise agree in writing, any determination required under this Section 13 shall be made in writing by CNB's independent public accountants, whose determination shall be conclusive and binding upon CNB and MS. KASSAB for all purposes. For purposes of making the calculations required by this Section 13, the accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. CNB and MS. KASSAB shall furnish such information and documents as the accountants may reasonably request in order to make a determination under this Section. CNB shall bear all costs the accountants may reasonably incur in connection with any calculations contemplated by this Section 13.

14. **COMPLIANCE WITH SECTION 409A OF THE CODE:** MS. KASSAB and CNB acknowledge that each of the payments and benefits promised to MS. KASSAB under this Agreement must either comply with the requirements of Section 409A of the Code ("Section 409A"), and the regulations thereunder or qualify for an exception

from compliance. To that end, MS. KASSAB and CNB agree that the payment described in Section 8 is intended to be excepted from compliance with Section 409A as a short-term deferral pursuant to Treasury Regulation Section 1.409A-1(b)(4).

In the case of a payment that is not excepted from compliance with Section 409A, and that is not otherwise designated to be paid immediately upon a permissible payment event within the meaning of Treasury Regulation Section 1.409A-3(a), the payment shall not be made prior to, and shall, if necessary, be deferred to and paid on the later of the date sixty (60) days after MS. KASSAB's earliest separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)) and, if MS. KASSAB is a specified employee (within the meaning of Treasury Regulation Section 1.409A-1(i)) on the date of her separation from service, the first day of the seventh month following MS. KASSAB's separation from service. Furthermore, this Agreement shall be construed and administered in such manner as shall be necessary to effect compliance with Section 409A.

15. **INJUNCTIVE RELIEF:** MS. KASSAB acknowledges and accepts that her compliance with her Agreements in Sections 6, 7 and/or 8 is an integral part of the consideration to be received by CNB and is necessary to protect the equity value, business and goodwill and other proprietary interests of CNB. MS. KASSAB acknowledges that a breach of her Agreements in Sections 6, 7 and/or 8 will result in irreparable and continuing damage to CNB and the business of CNB for which the remedies at law will be inadequate, and agrees that, in the event of any breach of the aforesaid Agreements, CNB and its successors and assigns shall be entitled to seek injunctive relief and to any such other and further relief as may be proper.

16. **ENFORCEABILITY:** If any provision of this Agreement shall be found by a court with proper jurisdiction to be invalid or unenforceable, in whole or in part, then such provision shall be deemed to be modified, narrowed, or restricted only to the limited extent and in the manner necessary to render the same valid and enforceable, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law as if such provision had been originally incorporated herein as so modified, narrowed, or restricted.

17. **GENERAL PROVISIONS:**

A. This Agreement shall be governed by the laws of Pennsylvania;

B. In construing or interpreting this Agreement, "CNB" and "MS. KASSAB" shall mean, wherever applicable, the singular or plural, the masculine or the feminine, individual, individuals, partnership or corporation, as the case may be;

C. This Agreement represents the sole agreement of the Parties on these subjects and supersedes all prior communications, representations and negotiations, whether oral or written;

D. This Agreement can only be modified or amended by the prior written consent of both Parties hereto;

E. Jurisdiction and venue shall rest in the Court of Common Pleas of Clearfield, Pennsylvania, for all suits, claims and causes of action whatsoever;

F. Failure by either Party to pursue remedies or assert rights under this Agreement shall not be construed as waiver of that Party's rights or remedies, nor shall a Party's failure to demand strict compliance with the terms and conditions of this Agreement prohibit or estop that Party from insisting upon strict compliance in the future; and

G. The Parties deem that the terms of this Agreement are unique, and in addition to their other rights and remedies at law, and at equity, either Party shall have the right to specifically enforce the terms of this Agreement.

H. This Agreement shall bind the Parties' heirs, successors, representatives, related corporations and assigns.

I. Notwithstanding anything herein contained to the contrary, and payment to MS. KASSAB by CNB, whether pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1828(k), and any regulations promulgated thereunder.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date written above for the purposes herein contained.

CNB BANK	MS. KASSAB
By: ______________________	By: ______________________
Joseph B. Bower, Jr., President & CEO	Leanne D. Kassab
By: ______________________	
Richard L. Greslick Jr., Secretary	

Exhibit 10.11

EXECUTIVE SALARY CONTINUATION PLAN AGREEMENT

BY AND BETWEEN

CNB BANK

AND

JOSEPH B. BOWER, JR.

Amended and Restated Effective January 1, 2013

SAMPLE DOCUMENT

The attached document is a sample, provided to you for your legal counsel to review. Do not execute this document until you are satisfied that it meets your individual requirements. You should consult with your legal and tax advisors prior to signing this document, as there are legal and tax implications associated with implementing a nonqualified pension and/or welfare benefit plan.

The deferred compensation plan which is documented in this Agreement is subject to Internal Revenue Code Section 409A. Review by your outside counsel of the effect of Code Section 409A on your plan is therefore imperative to your due diligence process.

M Benefit Solutions does not and cannot practice law or render legal or tax advice.

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EXECUTIVE SALARY CONTINUATION PLAN

AGREEMENT

Amended and Restated as of January 1, 2013

On February 23, 2004, CNB Bank, located in Clearfield, Pennsylvania ("Employer") entered into the Supplemental Retirement Plan Agreement with Joseph B. Bower, Jr., ("Executive") as amended effective January 1, 2009 ("Prior Agreement").

Paragraph 6.5 of Section 6 of the Prior Agreement permits Employer and Executive to amend or modify the Prior Agreement provided such amendment or modification is in writing.

Employer and Executive desire to amend and restate the Prior Agreement effective as of January 1, 2013 into this Executive Salary Continuation Plan Agreement ("Agreement") as set forth in this Agreement.

1. Effective Date

This Agreement amends and restates the Supplemental Retirement Plan Agreement effective February 24, 2004, as amended January 1, 2009. This amendment and restatement is effective January 1, 2013.

2. Definitions

(a) **Actuarial Equivalent.** "Actuarial Equivalent" means the actuarial adjustment necessary to convert Executive's benefit into a different form and/or payment period so that the total value of Executive's benefit remains equal based on the Interest Rate.

(b) **Beneficiary.** "Beneficiary" means the person, persons or entity last designated by the Executive to receive any benefits payable after Executive's death. If the Executive has not designated a Beneficiary, the Beneficiary shall be deemed to be the Executive's estate.

(c) **Board.** "Board" means the Board of Directors of Employer.

(d) **Change in Control.** "Change in Control" means

(i) Any "person" (as that term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) to the extent such "person" is considered a person or persons acting as a group under regulations promulgated under Code Section 409A, other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Holding Company, or (B) Executive or a group of persons including Executive, is or becomes the beneficial owner (as that term is used in Section 13(d) of the Securities Exchange Act of 1934), directly or indirectly, acquires ownership of stock of the Holding Company (at any time it is a majority shareholder of Employer) or the Employer that, together with stock held by such "person," constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Holding Company or Employer.

(ii) The sale of all or substantially all of the assets of the Holding Company (at any time it is a majority shareholder of Employer) or the Employer.

(iii) This definition is intended to comply with regulations promulgated under Code Section 409A and shall be interpreted to so comply.

(e) **Code.** "Code" means the Internal Revenue Code of 1986, as amended, and including all guidance and regulations promulgated thereunder.

(f) **Disability.** "Disability" and "Disabled" mean the Executive is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Employer; or (iii) is determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

(g) **ERISA.** "ERISA" means the Employee Retirement Income Security Act of 1974, as amended and including all guidance and regulations promulgated thereunder.

(h) **Final Average Compensation.** "Final Average Compensation" means

(i) The average of the Executive's base salary for the previous three (3) years; plus

(ii) The average of Executive's annual bonus for the previous five (5) years.

(i) **Holding Company.** "Holding Company" means CNB Financial Corporation, a Pennsylvania corporation, or such successor to the business thereof.

(j) **Interest Rate.** "Interest Rate" means the Applicable Federal Long-Term Rate in effect at the time of determination.

(k) **Normal Retirement Age.** "Normal Retirement Age" means age sixty-five (65).

(l) **Normal Retirement Benefit.** "Normal Retirement Benefit" means the benefit payable pursuant to Paragraph 3 of this Agreement.

(m) **Normal Retirement Date.** "Normal Retirement Date" means the first day of the month coincident with or next following the date on which Executive has a Separation from Service on or after attaining Normal Retirement Age.

(n) **Offset Amount.** "Offset Amount" means the sum of the following:

(i) One hundred percent (100%) of the Executive's primary Social Security benefit payable at Normal Retirement Age, or at age sixty-two (62) if Separation from Service occurs prior to that age;

(ii) The Actuarial Equivalent value of Executive's balance in the Employer's money purchase plan at Separation from Service converted to a benefit payable in quarterly installments for a period of twenty (20) years; and

(iii) The Actuarial Equivalent value of Executive's balance in the Employer's contributions to the 401(k) plan payable at Separation from Service converted to a benefit payable in quarterly installments for a period of twenty (20) years).

(o) **Separation from Service.** "Separation from Service" means the Executive's "termination of employment" with Employer and all affiliated and subsidiary entities that are considered to be part of a controlled group with the Employer pursuant to Code Section 414(b) or (c), except that in applying Code Section 1563 "fifty percent" shall be substituted for "eighty percent." Whether a "termination of employment" has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Executive reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty (20) percent of the average level of bona fide services performed (whether as an employee or independent contractor) over the immediately preceding thirty-six (36) months (or the full period of services to the Employer if the Executive has been providing services to the Employer for less than thirty-six (36) months).

(p) **Specified Employee.** "Specified Employee" means a specified employee as defined in Code Section 409A(a)(2)(B).

3. Normal Retirement Benefit

Upon Executive's Normal Retirement Date, subject to Paragraphs 8 and 9 of this Agreement, Executive shall be entitled to a benefit equal to seventy-five percent (75%) of Final Average Compensation reduced by the Offset Amount. Benefit payments shall commence as of the Executive's Normal Retirement Date and shall continue to be paid in quarterly installments for a period of twenty (20) years.

4. Retirement Benefit Prior to Normal Retirement Age

If Executive has a Separation from Service prior to Normal Retirement Age but on or after attaining age fifty-five (55), Executive shall be entitled to a benefit equal to the Actuarial Equivalent of the Normal Retirement Benefit that would otherwise be payable at Normal Retirement Age. Subject to Paragraphs 8 and 9 of this Agreement, Benefit payments shall commence on the later of: (i) the first day of the month after Executive attains age sixty-two (62); or (ii) upon Separation from Service and shall be paid in quarterly installments for a period of twenty (20) years.

If Executive has a Separation from Service prior to age fifty-five (55), no benefits shall be payable under this Agreement, except as described in Paragraphs 5 (Disability), 6 (Death Benefit), and 7 (Change in Control).

5. Disability Benefit

If Executive becomes Disabled, Employer shall pay to Executive a benefit equal to the Actuarial Equivalent of the Normal Retirement Benefit otherwise payable at Normal Retirement Age. Subject to Paragraph 8 of this Agreement, such payments shall commence on the first day of the month following the first anniversary of the date the Executive is determined to be Disabled, or, if earlier, the Executive's

Normal Retirement Date. The benefit shall be paid in quarterly installments for a period of twenty (20) years.

6. Death Benefit

(a) If Executive dies prior to the commencement of benefits under this Agreement, Employer shall pay to Beneficiary a benefit equal to the stated percentage of Final Average Compensation, less the Offset Amount as follows:

Age At Death	Percent of Final Average Compensation
Up to age 50	40%
50 to 55	50%
55 to 60	60%
60 and over	70%

Such benefit shall be paid in quarterly installments for a period of twenty (20) years commencing within ninety (90) days of the Executive's date of death.

(b) If Executive dies after benefit payments have commenced under this Agreement, Employer shall pay to Beneficiary any remaining installment payments that would have been paid had Executive survived.

(c) The lump sum Actuarial Equivalent of the death benefit payable pursuant to this Paragraph 6 shall be reduced by the death benefit payable to Executive's personal beneficiary under the CNB Bank Life Insurance Endorsement Method Split Dollar Agreement.

7. Change in Control

If Executive has a Separation from Service within two (2) years following a Change in Control, Employer shall pay to Executive a benefit equal to seventy-five percent (75%) of Final Average Compensation as of the date of Separation from Service, reduced by the Offset Amount. Such benefit shall be paid in quarterly installments for a period of twenty (20) years and shall commence on the first day of the month following Separation from Service, subject to Paragraphs 8 and 9 of this Agreement.

In addition, if Executive has a Separation from Service within two (2) years following a Change in Control, then within 30 days following such Separation from Service Employer shall establish (if not already established) and fully fund at that time or, if such funding would cause taxation of the Executive under Code Section 409A, at a time, as soon thereafter as possible, when funding would not cause taxation, a rabbi trust for the purpose of satisfying its obligations to pay benefits under this Agreement. For purposes of this paragraph, "fully fund" shall mean the present value of future benefit payments utilizing a discount rate of the Federal Funds Rate applicable as of the date of the Change in Control.

8. Time of Payment

Notwithstanding anything in this Agreement to the contrary, if Executive is a Specified Employee on the date of Separation from Service (except due to death), Executive shall not receive a distribution of any amount under this Agreement until the first day of the seventh month following the date of

Separation from Service. In the event a distribution must be delayed, the first payment shall include an amount equal to the sum of the quarterly payments which would have been paid to the Executive but for the payment deferral mandated pursuant to this Paragraph.

9. Small Benefit

If, on the date of Executive's Separation from Service, the Actuarial Equivalent lump sum value of the benefit that is payable is less than the then-current limit under Code Section 402(g)(1)(B), the benefit shall be paid in a lump sum within ninety (90) days of the Executive's date of Separation from Service, subject to Paragraph 8 of this Agreement.

Any payment under this Paragraph 9 must result in the termination and liquidation of the entirety of the Executive's interest under the Agreement, including all agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Code Section 409A.

10. Claim Procedures

Any person claiming a benefit ("Claimant") under the Plan shall present the request in writing to the Board.

(a) **Initial Claim Review.** If the claim is wholly or partially denied, the Board will, within a reasonable period of time, and within ninety (90) days of the receipt of such claim, or if the claim is a claim on account of Disability, within forty-five (45) days of the receipt of such claim, provide the Claimant with written notice of the denial setting forth in a manner calculated to be understood by the Claimant:

(i) The specific reason or reasons for which the claim was denied;

(ii) Specific reference to pertinent provisions of the Agreement, rules, procedures or protocols upon which the Board relied to deny the claim;

(iii) A description of any additional material or information that the Claimant may file to perfect the claim and an explanation of why this material or information is necessary;

(iv) An explanation of the Agreement's claims review procedure and the time limits applicable to such procedure and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review; and

(v) In the case of an adverse determination of a claim on account of Disability, the information to the claimant shall include, to the extent necessary, the information set forth in Department of Labor Regulation Section 2560.503-1(g)(1)(v).

If special circumstances require the extension of the forty-five (45) day or ninety (90) day period described above, the Claimant will be notified before the end of the initial period of the circumstances requiring the extension and the date by which the Board expects to reach a decision. Any extension for deciding a claim will not be for more than an additional ninety (90) day period, or if the claim is on account of Disability, for not more than two additional thirty (30) day periods.

(b) **Review of Claim.** If a claim for benefits is denied, in whole or in part, the Claimant may request to have the claim reviewed. The Claimant will have one hundred eighty (180) days in which to request a review of a claim regarding Disability, and will have sixty (60) days in which to request a review of all other claims. The request must be in writing and delivered to the Board. If no such review is requested, the initial decision of the Board will be considered final and binding.

The Board's decision on review shall be sent to the Claimant in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, as well as specific references to the pertinent Plan provisions, rules, procedures or protocols upon which the Board relied to deny the appeal. The Board shall consider all information submitted by the Claimant, regardless of whether the information was part of the original claim. The decision shall also include a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

The Board's decision on review shall be made not later than sixty (60) days (forty-five (45) days in the case of a claim on account of Disability) after its receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred and twenty (120) days (ninety (90) days in the case of a claim on account of Disability) after receipt of the request for review. This notice to the Claimant shall indicate the special circumstances requiring the extension and the date by which the Board expects to render a decision and will be provided to the Claimant prior to the expiration of the initial forty-five (45) day or sixty (60) day period.

Notwithstanding the foregoing, in the case of a claim on account of Disability: (i) the review of the denied claim shall be conducted by a named fiduciary who is neither the individual who made the benefit determination nor a subordinate of such person; and (ii) no deference shall be given to the initial benefit determination. For issues involving medical judgment, the named fiduciary must consult with an independent health care professional who may not be the health care professional who decided the initial claim.

To the extent permitted by law, the decision of the claims official (if no review is properly requested) or the decision of the review official on review, as the case may be, shall be final and binding on all parties. No legal action for benefits under the Plan shall be brought unless and until the Claimant has exhausted such Claimant's remedies under this Paragraph 10.

11. Amendment

This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors or assigns, and may not be otherwise terminated except as provided in this Agreement. In addition, no amendment to this Agreement shall permit benefits to be distributed in violation of Code Section 409A.

12. Administration of Agreement

The Board shall have full power and authority to interpret, construe and administer this Agreement, and any action taken by the Board shall be conclusive and binding upon all parties in interest.

13. Compliance with Code Section 409A

All provisions in this document shall be interpreted, to the extent possible, to be compliant with Code Section 409A. However, in the event any provision of this Agreement is determined to not be in compliance with Code Section 409A and any regulations or other guidance promulgated thereunder, such provision shall be null and void to the extent of such noncompliance.

14. Unfunded Agreement

This Agreement is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of "ERISA", and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. The Board may terminate the Agreement and make no further benefit payments if it is determined by the United States Department of Labor, a court of competent jurisdiction, or an opinion of counsel that the Agreement constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA (as currently in effect or hereafter amended) which is not so exempt.

15. Unsecured General Creditor

Executive and his Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. Such policies, annuity contracts or other assets of Employer shall not be held under any trust for the benefit of Executive, his Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Employer under this Agreement. Any and all of Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Agreement shall be that of an unfunded and unsecured promise to pay money in the future.

16. Nonassignability

Executive shall not have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by Executive, nor be transferable by operation of law in the event of Executive's bankruptcy or insolvency.

17. Not a Contract of Employment

This Agreement shall not constitute a contract of employment between Employer and Executive. Nothing in this Agreement shall give Executive the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge Executive at any time.

18. Governing Law

The provisions of this Agreement shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania except as preempted by federal law.

19. Validity

If any provision of this Agreement shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if such illegal and invalid provision had never been inserted in this Agreement.

20. Successors

The provisions of this Agreement shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used in this Paragraph shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

21. Notices

All notices shall be in writing, and shall be sufficiently given if delivered to the Employer at its principal place of business, or to the Executive at his last known address as shown in Employer's records, in person, by Federal Express or similar receipted delivery, or, if mailed, postage prepaid, by certified mail, return receipt requested. The date of such mailing shall be deemed the date of notice, demand or consent.

IN WITNESS WHEREOF, the parties hereto acknowledge that each has carefully read this Agreement and executed the original thereof on the date set forth below, and that upon execution, each has received a conforming copy.

CNB BANK

By: [signature]

EVP & COO
Title

Dated: 6/26/2013

JOSEPH B. BOWER, JR.

[signature]

Dated: 6-26-13

Exhibit 10.12

EXECUTIVE SALARY CONTINUATION PLAN AGREEMENT

BY AND BETWEEN

CNB BANK

AND

RICHARD L. GRESLICK

Effective January 1, 2013

SAMPLE DOCUMENT

The attached document is a sample, provided to you for your legal counsel to review. Do not execute this document until you are satisfied that it meets your individual requirements. You should consult with your legal and tax advisors prior to signing this document, as there are legal and tax implications associated with implementing a nonqualified pension and/or welfare benefit plan.

The deferred compensation plan which is documented in this Agreement is subject to Internal Revenue Code Section 409A. Review by your outside counsel of the effect of Code Section 409A on your plan is therefore imperative to your due diligence process.

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EXECUTIVE SALARY CONTINUATION PLAN

AGREEMENT

This Executive Salary Continuation Plan Agreement ("Agreement"), made and entered into by and between CNB Bank ("Employer") and Richard L. Greslick ("Executive").

WHEREAS, Executive is employed by Employer; and

WHEREAS, it is the consensus of the Board of Directors of Employer (the "Board") that Executive's services to Employer in the past have been of exceptional merit and Employer desires to encourage his continued employment; and

WHEREAS, Executive's experience, knowledge of the affairs of Employer, reputation, and contacts in the industry are so valuable that it is in the best interests of Employer to arrange terms of continued employment for Executive so as to reasonably assure Executive's remaining in the Employer's employment during Executive's lifetime or until retirement; and

WHEREAS, Executive is willing to continue in the employ of Employer provided Employer agrees to pay Executive certain benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of services performed in the past and to be performed in the future as well as of the mutual promises and covenants herein contained it is agreed as follows:

1. Effective Date

This Agreement shall be effective January 1, 2013.

2. Definitions

(a) **Actuarial Equivalent.** "Actuarial Equivalent" means the actuarial adjustment necessary to convert Executive's benefit into a different form and/or payment period so that the total value of Executive's benefit remains equal based on the Interest Rate.

(b) **Beneficiary.** "Beneficiary" means the person, persons or entity last designated by the Executive to receive any benefits payable after Executive's death. If the Executive has not designated a Beneficiary, the Beneficiary shall be deemed to be the Executive's estate.

(c) **Board.** "Board" means the Board of Directors of Employer.

(d) **Change in Control.** "Change in Control" means

(i) Any "person" (as that term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) to the extent such "person" is considered a person or persons acting as a group under regulations promulgated under Code Section 409A, other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Holding Company, or (B) Executive or a group of persons including Executive, is or becomes the beneficial owner (as that term is used in Section 13(d) of the Securities Exchange Act of 1934), directly or indirectly, acquires ownership of stock of the Holding Company (at any time it is a majority shareholder of Employer) or the Employer that,

together with stock held by such "person," constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Holding Company or Employer.

(ii) The sale of all or substantially all of the assets of the Holding Company (at any time it is a majority shareholder of Employer) or the Employer.

(iii) This definition is intended to comply with regulations promulgated under Code Section 409A and shall be interpreted to so comply.

(e) **Code.** "Code" means the Internal Revenue Code of 1986, as amended, and including all guidance and regulations promulgated thereunder.

(f) **Disability.** "Disability" and "Disabled" mean the Executive is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Employer; or (iii) is determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

(g) **ERISA.** "ERISA" means the Employee Retirement Income Security Act of 1974, as amended and including all guidance and regulations promulgated thereunder.

(h) **Final Average Compensation.** "Final Average Compensation" means

(i) The average of the Executive's base salary for the previous three (3) years; plus

(ii) The average of Executive's annual bonus for the previous five (5) years.

(i) **Holding Company.** "Holding Company" means CNB Financial Corporation, a Pennsylvania corporation, or such successor to the business thereof.

(j) **Interest Rate.** "Interest Rate" means the Applicable Federal Long-Term Rate in effect at the time of determination.

(k) **Normal Retirement Age.** "Normal Retirement Age" means age sixty-five (65).

(l) **Normal Retirement Benefit.** "Normal Retirement Benefit" means the benefit payable pursuant to Paragraph 3 of this Agreement.

(m) **Normal Retirement Date.** "Normal Retirement Date" means the first day of the month coincident with or next following the date on which Executive has a Separation from Service on or after attaining Normal Retirement Age.

(n) **Offset Amount.** "Offset Amount" means the sum of the following:

(i) One hundred percent (100%) of the Executive's primary Social Security benefit payable at Normal Retirement Age, or at age sixty-two (62) if Separation from Service occurs prior to that age;

(ii) The Actuarial Equivalent value of Executive's balance in the Employer's money purchase plan at Separation from Service converted to a benefit payable in quarterly installments for a period of twenty (20) years; and

(iii) The Actuarial Equivalent value of Executive's balance in the Employer's contributions to the 401(k) plan payable at Separation from Service converted to a benefit payable in quarterly installments for a period of twenty (20) years).

(o) **Separation from Service.** "Separation from Service" means the Executive's "termination of employment" with Employer and all affiliated and subsidiary entities that are considered to be part of a controlled group with the Employer pursuant to Code Section 414(b) or (c), except that in applying Code Section 1563 "fifty percent" shall be substituted for "eighty percent." Whether a "termination of employment" has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Executive reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty (20) percent of the average level of bona fide services performed (whether as an employee or independent contractor) over the immediately preceding thirty-six (36) months (or the full period of services to the Employer if the Executive has been providing services to the Employer for less than thirty-six (36) months).

(p) **Specified Employee.** "Specified Employee" means a specified employee as defined in Code Section 409A(a)(2)(B).

3. Normal Retirement Benefit

Upon Executive's Normal Retirement Date, subject to Paragraphs 8 and 9 of this Agreement, Executive shall be entitled to a benefit equal to sixty-five percent (65%) of Final Average Compensation reduced by the Offset Amount. Benefit payments shall commence as of the Executive's Normal Retirement Date and shall continue to be paid in quarterly installments for a period of twenty (20) years.

4. Retirement Benefit Prior to Normal Retirement Age

If Executive has a Separation from Service prior to Normal Retirement Age but on or after attaining age fifty-five (55), Executive shall be entitled to a benefit equal to the Actuarial Equivalent of the Normal Retirement Benefit that would otherwise be payable at Normal Retirement Age. Subject to Paragraphs 8 and 9 of this Agreement, Benefit payments shall commence on the later of: (i) the first day of the month after Executive attains age sixty-two (62); or (ii) upon Separation from Service and shall be paid in quarterly installments for a period of twenty (20) years.

If Executive has a Separation from Service prior to age fifty-five (55), no benefits shall be payable under this Agreement, except as described in Paragraphs 5 (Disability), 6 (Death Benefit), and 7 (Change in Control).

5. Disability Benefit

If Executive becomes Disabled, Employer shall pay to Executive a benefit equal to the Actuarial Equivalent of the Normal Retirement Benefit otherwise payable at Normal Retirement Age. Subject to Paragraph 8 of this Agreement, such payments shall commence on the first day of the month following the first anniversary of the date the Executive is determined to be Disabled, or, if earlier, the Executive's Normal Retirement Date. The benefit shall be paid in quarterly installments for a period of twenty (20) years.

6. Death Benefit

(a) If Executive dies prior to the commencement of benefits under this Agreement, Employer shall pay to Beneficiary a benefit equal to the stated percentage of Final Average Compensation, less the Offset Amount as follows:

Age At Death	Percent of Final Average Compensation
Up to age 50	30%
50 to 55	40%
55 to 60	50%
60 and over	60%

Such benefit shall be paid in quarterly installments for a period of twenty (20) years commencing within ninety (90) days of the Executive's date of death.

(b) If Executive dies after benefit payments have commenced under this Agreement, Employer shall pay to Beneficiary any remaining installment payments that would have been paid had Executive survived.

(c) The lump sum Actuarial Equivalent of the death benefit payable pursuant to this Paragraph 6 shall be reduced by the death benefit payable to Executive's personal beneficiary under the CNB Bank Life Insurance Endorsement Method Split Dollar Agreement.

7. Change in Control

If Executive has a Separation from Service within two (2) years following a Change in Control, Employer shall pay to Executive a benefit equal to sixty-five percent (65%) of Final Average Compensation as of the date of Separation from Service, reduced by the Offset Amount. Such benefit shall be paid in quarterly installments for a period of twenty (20) years and shall commence on the first day of the month following Separation from Service, subject to Paragraphs 8 and 9 of this Agreement.

In addition, if Executive has a Separation from Service within two (2) years following a Change in Control, then within 30 days following such Separation from Service Employer shall establish (if not already established) and fully fund at that time or, if such funding would cause taxation of the Executive under Code Section 409A, at a time, as soon thereafter as possible, when funding would not cause taxation, a rabbi trust for the purpose of satisfying its obligations to pay benefits under this Agreement. For

purposes of this paragraph, "fully fund" shall mean the present value of future benefit payments utilizing a discount rate of the Federal Funds Rate applicable as of the date of the Change in Control.

8. Time of Payment

Notwithstanding anything in this Agreement to the contrary, if Executive is a Specified Employee on the date of Separation from Service (except due to death), Executive shall not receive a distribution of any amount under this Agreement until the first day of the seventh month following the date of Separation from Service. In the event a distribution must be delayed, the first payment shall include an amount equal to the sum of the quarterly payments which would have been paid to the Executive but for the payment deferral mandated pursuant to this Paragraph.

9. Small Benefit

If, on the date of Executive's Separation from Service, the Actuarial Equivalent lump sum value of the benefit that is payable is less than the then-current limit under Code Section 402(g)(1)(B), the benefit shall be paid in a lump sum within ninety (90) days of the Executive's date of Separation from Service, subject to Paragraph 8 of this Agreement.

Any payment under this Paragraph 9 must result in the termination and liquidation of the entirety of the Executive's interest under the Agreement, including all agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Code Section 409A.

10. Claim Procedures

Any person claiming a benefit ("Claimant") under the Plan shall present the request in writing to the Board.

(a) **Initial Claim Review.** If the claim is wholly or partially denied, the Board will, within a reasonable period of time, and within ninety (90) days of the receipt of such claim, or if the claim is a claim on account of Disability, within forty-five (45) days of the receipt of such claim, provide the Claimant with written notice of the denial setting forth in a manner calculated to be understood by the Claimant:

(i) The specific reason or reasons for which the claim was denied;

(ii) Specific reference to pertinent provisions of the Agreement, rules, procedures or protocols upon which the Board relied to deny the claim;

(iii) A description of any additional material or information that the Claimant may file to perfect the claim and an explanation of why this material or information is necessary;

(iv) An explanation of the Agreement's claims review procedure and the time limits applicable to such procedure and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review; and

(v) In the case of an adverse determination of a claim on account of Disability, the information to the claimant shall include, to the extent necessary, the information set forth in Department of Labor Regulation Section 2560.503-1(g)(1)(v).

If special circumstances require the extension of the forty-five (45) day or ninety (90) day period described above, the Claimant will be notified before the end of the initial period of the circumstances requiring the extension and the date by which the Board expects to reach a decision. Any extension for deciding a claim will not be for more than an additional ninety (90) day period, or if the claim is on account of Disability, for not more than two additional thirty (30) day periods.

(b) **Review of Claim.** If a claim for benefits is denied, in whole or in part, the Claimant may request to have the claim reviewed. The Claimant will have one hundred eighty (180) days in which to request a review of a claim regarding Disability, and will have sixty (60) days in which to request a review of all other claims. The request must be in writing and delivered to the Board. If no such review is requested, the initial decision of the Board will be considered final and binding.

The Board's decision on review shall be sent to the Claimant in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, as well as specific references to the pertinent Plan provisions, rules, procedures or protocols upon which the Board relied to deny the appeal. The Board shall consider all information submitted by the Claimant, regardless of whether the information was part of the original claim. The decision shall also include a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

The Board's decision on review shall be made not later than sixty (60) days (forty-five (45) days in the case of a claim on account of Disability) after its receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred and twenty (120) days (ninety (90) days in the case of a claim on account of Disability) after receipt of the request for review. This notice to the Claimant shall indicate the special circumstances requiring the extension and the date by which the Board expects to render a decision and will be provided to the Claimant prior to the expiration of the initial forty-five (45) day or sixty (60) day period.

Notwithstanding the foregoing, in the case of a claim on account of Disability: (i) the review of the denied claim shall be conducted by a named fiduciary who is neither the individual who made the benefit determination nor a subordinate of such person; and (ii) no deference shall be given to the initial benefit determination. For issues involving medical judgment, the named fiduciary must consult with an independent health care professional who may not be the health care professional who decided the initial claim.

To the extent permitted by law, the decision of the claims official (if no review is properly requested) or the decision of the review official on review, as the case may be, shall be final and binding on all parties. No legal action for benefits under the Plan shall be brought unless and until the Claimant has exhausted such Claimant's remedies under this Paragraph 10.

11. Amendment

This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors or assigns, and may not be otherwise terminated except as provided in this Agreement. In addition, no amendment to this Agreement shall permit benefits to be distributed in violation of Code Section 409A.

12. Administration of Agreement

The Board shall have full power and authority to interpret, construe and administer this Agreement, and any action taken by the Board shall be conclusive and binding upon all parties in interest.

13. Compliance with Code Section 409A

All provisions in this document shall be interpreted, to the extent possible, to be compliant with Code Section 409A. However, in the event any provision of this Agreement is determined to not be in compliance with Code Section 409A and any regulations or other guidance promulgated thereunder, such provision shall be null and void to the extent of such noncompliance.

14. Unfunded Agreement

This Agreement is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of "ERISA", and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. The Board may terminate the Agreement and make no further benefit payments if it is determined by the United States Department of Labor, a court of competent jurisdiction, or an opinion of counsel that the Agreement constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA (as currently in effect or hereafter amended) which is not so exempt.

15. Unsecured General Creditor

Executive and his Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. Such policies, annuity contracts or other assets of Employer shall not be held under any trust for the benefit of Executive, his Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Employer under this Agreement. Any and all of Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Agreement shall be that of an unfunded and unsecured promise to pay money in the future.

16. Nonassignability

Executive shall not have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by Executive, nor be transferable by operation of law in the event of Executive's bankruptcy or insolvency.

17. Not a Contract of Employment

This Agreement shall not constitute a contract of employment between Employer and Executive. Nothing in this Agreement shall give Executive the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge Executive at any time.

18. Governing Law

The provisions of this Agreement shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania except as preempted by federal law.

19. Validity

If any provision of this Agreement shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if such illegal and invalid provision had never been inserted in this Agreement.

20. Successors

The provisions of this Agreement shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used in this Paragraph shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

21. Notices

All notices shall be in writing, and shall be sufficiently given if delivered to the Employer at its principal place of business, or to the Executive at his last known address as shown in Employer's records, in person, by Federal Express or similar receipted delivery, or, if mailed, postage prepaid, by certified mail, return receipt requested. The date of such mailing shall be deemed the date of notice, demand or consent.

IN WITNESS WHEREOF, the parties hereto acknowledge that each has carefully read this Agreement and executed the original thereof on the date set forth below, and that upon execution, each has received a conforming copy.

CNB BANK

By: [signature]

President and CEO

Title

Dated: 6/26/13

RICHARD L. GRESLICK

[signature]

Dated: 6/26/2013

Exhibit 10.13

CNB FINANCIAL CORPORATION

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective January 1, 2022

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CNB FINANCIAL CORPORATION

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

ARTICLE I—PURPOSE

The purpose of this Supplemental Executive Retirement Plan (the "Plan"), established herein by CNB Financial Corporation, a Pennsylvania banking corporation, (the "Employer"), is to provide current tax planning opportunities and supplemental funds upon retirement or death for the benefit of certain highly compensated or management employees of the Employer. It is intended that the Plan will aid in retaining employees of exceptional ability by providing them with these benefits. The Plan is intended to comply with Code Section 409A.

ARTICLE II—DEFINITIONS

2.1 Accrued Benefit

"Accrued Benefit" means the annual benefit as specified in the Participant's Benefit Schedule payable commencing on the Participant's Normal Retirement Date, multiplied by the ratio of the Participant's Years of Participation to the number of consecutive twelve (12) month periods and fractions thereof commencing with the date on which the Participant began participation in the Plan and ending on the date of the Participant's Normal Retirement Age; provided that the ratio shall never be greater than one (1).

2.2 Beneficiary

"Beneficiary" means the person, persons or entity last designated by the Participant to receive any benefits payable after Participant's death pursuant to Article VII of the Plan.

2.3 Benefit Schedule

"Benefit Schedule" means the personalized description of the Participant's Normal Retirement Benefit, in the form set forth on Schedule A of this Plan. All Benefit Schedules shall be treated as being an integral part of this Plan, but no Participant shall have the right to receive any information about any other Participant's Benefit Schedule.

2.4 Board

"Board" means the Board of Directors of Employer.

2.5 Change in Control

"Change in Control" means a change in control of CNB Financial Corporation, as described in Code Section 409A(a)(2)(A)(v) and the regulations promulgated thereunder except that in determining if there has been a "change in the effective control" of CNB Financial Corporation, as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi), "thirty percent" shall be replaced with "fifty-one percent."

2.6 Code

"Code" means the Internal Revenue Code of 1986, as amended, and including all guidance and regulations promulgated thereunder.

2.7 Disability

"Disability" and "Disabled" mean the Participant is:

(a) Unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or

(b) By reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Bank; or

(c) Determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

The Employer will determine whether or not the Participant has incurred a Disability under subsections (a) and (b) above based on such evidence as it deems necessary or appropriate.

2.8 Effective Date

"Effective Date" means January 1, 2022.

2.9 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and including all guidance and regulations promulgated thereunder.

2.10 Normal Retirement Age

"Normal Retirement Age" means an anticipated age upon which the Participant might have Separation from Service due to retirement as specified on the Participant's Benefit Schedule.

2.11 Normal Retirement Date

"Normal Retirement Date" means the first day of the month coincident with or next following the date on which a Participant has a Separation from Service provided such date occurs on or after the date that the Participant attains Normal Retirement Age.

2.12 Normal Retirement Benefit

"Normal Retirement Benefit" means the amount payable for the specified number of years described in Participant's Benefit Schedule to the Participant after Participant has reached Normal Retirement Age.

2.13 Participant

"Participant" means any individual who is eligible to participate in the Plan under Section 3.1 of the Plan.

2.14 Plan

"Plan" means this CNB Financial Corporation Supplemental Executive Retirement Plan as set forth in this document, as the same may be amended from time to time.

2.15 Present Value

"Present Value" shall be calculated as if the payment were to begin at Normal Retirement Age, discounted to the date of the Participant's death or Separation from Service. In calculating Present Value, the interest rate shall be calculated for the month prior to the death or Separation from Service using the calculation outlined in Code Section 417(e)(3).

2.16 Separation from Service

"Separation from Service" means the termination of the Participant's service with Employer and all affiliated and subsidiary entities that are considered to be part of a controlled group with the Employer pursuant to Code Section 414(b) or (c), except that in applying Code Section 1563 "fifty percent" shall be substituted for "eighty percent." Whether a "termination of employment" has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Participant reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty (20) percent of the average level of bona fide services performed (whether as an employee or independent contractor) over the immediately preceding thirty-six (36) months (or the full period of services to the Employer if the Participant has been providing services to the Employer for less than thirty-six (36) months).

2.17 Specified Employee

"Specified Employee" means a specified employee as defined in Code Section 409A(a)(2)(B).

2.18 Years of Participation

"Years of Participation" means the number of consecutive twelve (12) month periods and fractions thereof during which a Participant has participated in the Plan, commencing with the date on which the Participant commences participation in the Plan and ending on the earlier of the date the Participant has a Separation from Service or the date Participant reaches Normal Retirement Age.

ARTICLE III—PARTICIPATION

3.1 Participation

Any select key employee designated by CNB Financial Corporation and approved by the Board shall be eligible to participate in the Plan. Participation shall be deemed to have commenced on the date which both the Participant and the Employer sign the Participant's Schedule A. In the event that the signatures take place upon different dates, the later date shall be deemed the date upon which the Participant began participation in the Plan.

3.2 Vesting of Accounts

(a) **Vesting Schedule.** Participant shall be 0% vested in their Normal Retirement Benefit until September 1, 2026, at which point they shall be 100% vested in their Normal Retirement Benefit.

(b) **Effect of Separation from Service.** The vested percentage in any partially vested Normal Retirement Benefit shall not increase after the Participant's date of Separation from Service.

(c) **Full Vesting upon the Occurrence of Certain Events.** Participant shall immediately fully vest in Normal Retirement Benefit upon the occurrence of any of the following events:

(i) The Participant's death;

(ii) The Participant's Disability; or

(iii) The Employer undergoes a Change in Control.

ARTICLE IV—PLAN BENEFITS

4.1 Benefit Upon Separation from Service Prior to Normal Retirement Age

Benefit Payable. Subject to Sections 4.6 and 4.7, a Participant who has a Separation from Service prior to Normal Retirement Age for any reason other than death, Employer shall pay to such Participant the Participant's Accrued Benefit commencing on the date that the Participant achieves Normal Retirement Age.

4.2 Benefit Upon Separation from Service On or After Normal Retirement Age

Benefit Payable. Subject to Sections 4.6 and 4.7, upon a Participant's Separation from Service on or after Normal Retirement Age for any reason other than death, Employer shall pay to such Participant the Participant's Normal Retirement Benefit commencing on the Participant's Normal Retirement Date.

4.3 Benefit Upon Change in Control

(a) **Separation from Service After Change in Control.** If the Participant has a Separation from Service within one (1) year of an event constituting a Change in Control, their benefit shall be paid as a lump sum within ninety (90) days of the post-Change in Control Separation from Service, regardless of whether they have reached Normal Retirement Age.

(b) **Post Change in Control Benefit Upon Death.** If a Participant dies after an event constituting a Change in Control, the benefit shall be paid as provided in Section 4.5.

4.4 Benefit Upon Disability

Form and Timing of Payment. If the Participant is found to be Disabled, the Participant shall be paid as a lump sum distribution. This payment shall be payable immediately or as soon as administratively possible, but in no case shall such payment be delayed longer than ninety (90) days of the finding that the Participant is Disabled.

4.5 Benefit Upon Death

(a) **Prior to Payment of the Participant's Benefit.** If a Participant dies prior to the payment of the Participant's Accrued Benefit or Normal Retirement Benefit, the Employer shall pay to the Beneficiary the Present Value of the Participant's Accrued Benefit or Normal Retirement Benefit, as applicable, in a lump sum within ninety (90) days of the Participant's date of death.

(b) **During Payment of the Participant's Normal Retirement Benefit.** If a Participant dies following the commencement of payment of the Accrued Benefit or Normal Retirement Benefit, but before the completion of payments, the Employer shall continue payment to the Beneficiary of the Participant's Benefit, as applicable, at the time and as it would have been paid to the Participant until the last annual payment has been made.

(c) **After the Payment of the Participant's Accrued Benefit or Normal Retirement Benefit.** If a Participant dies following the payment of the Accrued Benefit or last payment of the Normal Retirement Benefit, no death benefit shall be payable to the Beneficiary under the Plan.

4.6 Small Benefit

Notwithstanding Sections 4.1 and 4.2, if, on the date payment is to commence, the Participant's Accrued Benefit is less than the applicable dollar amount under Code Section 402(g)(1)(B), such Accrued Benefit shall be paid to the Participant (or Beneficiary) in a single lump sum within ninety (90) days of the Participant's date of Separation from Service.

4.7 Delayed Payments

Notwithstanding anything herein to the contrary, if the Participant is a Specified Employee as of his or her date of Separation from Service except due to death, payment of his or her Accrued Benefit or Normal Retirement Benefit may not be made or commence before the date that is six (6) months after the date of Separation from Service (or, if earlier, the date of death of the Participant). If a Participant's Accrued Benefit or Normal Retirement Benefit is scheduled to be paid in installments, then the first payment following the six (6) month delay will include any installment payments that would have been made but for the six (6) month delay.

4.8 Withholding and Payroll Taxes

The Employer shall withhold from Plan payments any taxes required to be withheld from such payments under federal, state or local law. In addition, any withholding of taxes required with respect to vesting of any Accrued Benefit or Normal Retirement Benefit that is required by federal, state, or local law, including but not limited to FICA and Medicare taxes, shall be withheld from the Participant's compensation. Each Participant shall bear the ultimate responsibility for payment of all taxes owed under this Plan.

4.9 Payment to Guardian

If an Accrued Benefit or Normal Retirement Benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Employer may direct payment to the guardian, conservator, legal representative or person having the care and custody of such minor, incompetent or incapacitated person. The Employer may require proof of minority, incompetency, incapacity, conservatorship or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Employer from all liability with respect to such benefit.

ARTICLE V—BENEFICIARY DESIGNATION

5.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to the distribution of the Participant's vested Accrued Benefit or Normal Retirement Benefit. Each Beneficiary designation shall be in a written form prescribed by Employer, which, until changed by the Employer, shall be substantially in the form set forth in Schedule B, and shall be effective only when filed with Employer during the Participant's lifetime.

5.2 Changing Beneficiary

Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Employer. The filing of a new designation shall supersede all designations previously filed. If the Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

5.3 No Beneficiary Designation

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

(a) The Participant's surviving spouse;

(b) The Participant's children in equal shares, except that if any of the children predecease the Participant with surviving issue, then such issue shall take by right of representation;

(c) The Participant's estate.

5.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Employer's obligations to the Participant under this Plan.

ARTICLE VI—ADMINISTRATION

6.1 Administration

The Plan shall be administered by Employer through its authorized officers, who shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration.

6.2 Agents

Employer may employ agents and delegate to them such administrative duties as it sees fit, and may consult with counsel who may be counsel to Employer.

6.3 Binding Effect of Decisions

The decision or action of Employer with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

ARTICLE VII—CLAIMS PROCEDURE

7.1 Claim Procedures

Any person claiming a benefit ("Claimant") under the Plan shall present the request in writing to the Treasurer of the Bank.

(a) **Initial Claim Review.** If the claim is wholly or partially denied, the Treasurer will, within ninety (90) days (one hundred eighty (180) days in special circumstances) after the receipt of such claim, provide the Claimant with written notice of the denial setting forth in a manner calculated to be understood by the Claimant:

(i) The specific reason or reasons for which the claim was denied;

(ii) Specific reference to pertinent provisions of the Plan, rules, procedures or protocols upon which the Treasurer relied to deny the claim;

(iii) A description of any additional material or information that the Claimant may file to perfect the claim and an explanation of why this material or information is necessary;

(iv) An explanation of the Plan's claims review procedure and the time limits applicable to such procedure and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review.

If special circumstances require an extension of time for processing the claim, the Claimant will be notified within the initial ninety (90) day review period of the special circumstances requiring the extension and the date by which the Treasurer expects to render a decision.

In addition, notwithstanding the foregoing, if the claim relates to a disability determination ("Disability Claim"), the decision shall be rendered within forty-five (45) days after receipt of the claim, which may be extended twice by an additional thirty (30) days per extension for matters beyond the control of the Treasurer. The claimant will be notified in writing of any such extension(s) before the end of the applicable decision period, as well as the circumstances requiring the extension, the date by which a decision on the claim is expected to be rendered and such other information required by ERISA.

(b) **Review of Claim.** If a claim for benefits is denied, in whole or in part, the Claimant may request to have the claim reviewed. The Claimant will have sixty (60) days (one hundred and eighty (180) days in the case of a Disability Claim) after receiving notice of the adverse benefit determination in which to request a review. The request must be in writing and delivered to the Committee. If no such review is requested, the initial decision of the Treasurer will be considered final and binding.

The Committee's decision on review shall be sent to the Claimant in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the

Claimant, as well as specific references to the pertinent Plan provisions, rules, procedures or protocols upon which the Committee relied to deny the appeal. The Committee shall consider all information submitted by the Claimant, regardless of whether the information was part of the original claim. The decision shall also include a statement of the Claimant's right to bring an action under Section 502(a) of ERISA if the claim is denied on review.

The Committee's decision on review shall be made not later than sixty (60) days (forty-five (45) days in the case of a Disability Claim) after its receipt of the request for review, unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than one hundred and twenty (120) days after receipt of the Claimant's request for review (ninety (90) days in the case of a Disability Claim). If the Committee generates any new evidence during the process of reviewing a Disability Claim, the Claimant shall be provided with such new evidence in sufficient time to respond to the new evidence within the review period. If special circumstances require an extension of time for processing, the Claimant will be notified within the initial sixty (60) day period of the special circumstances requiring the extension and the date by which the Committee expects to render a decision.

The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to the provisions of the Plan on which the decision is based and other information required by ERISA, as well as an explanation of the Claimant's right to legal action in the event of an adverse determination on review.

(c) **Exhaustion of Plan's Claims and Review Procedures Required; Limitations on Legal Actions.** The Plan's claims and appeal procedures described above must be exhausted with respect to any claim of any kind relating to the Plan. If any legal action is permitted to be filed with respect to a Disability Claim under the Plan, such action must be brought by the Claimant no later than one (1) year after the Committee's denial of the claim on review, regardless of any state or federal statutes establishing provisions relating to limitations on actions.

ARTICLE VIII—AMENDMENT AND TERMINATION OF PLAN

The Board may, in its sole discretion and at any time, amend or terminate the Plan by a written instrument subject to the following:

(a) No amendment or termination shall adversely affect the benefits of Participants which have already accrued and vested, the benefits of any Participant who had a Separation from Service prior to the amendment or termination, or the benefits of any Participant who has died; and

(b) Any amendment to, or termination of, the Plan, including any change in the timing or form of payment of benefits, including the total liquidation of the Plan, shall comply with Code Section 409A.

With respect to paragraph (a) of this Article VIII, an acceleration of payment made in compliance with Section 409A shall not be considered to adversely affect any Participant, whether the Participant is a current employee, has had a Separation from Service, or has died.

ARTICLE IX—MISCELLANEOUS

9.1 Unfunded Plan

This Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. The Board may terminate the Plan and make no further benefit payments or remove certain employees as Participants if it is determined by the United States Department of Labor, a court of competent jurisdiction, or an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt.

9.2 Unsecured General Creditor

Participant and his Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be beneficiaries of, or have any rights, claims or interests in, any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. Such policies, annuity contracts or other assets of Employer shall not be held in any trust for the benefit of Participant, his Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Employer under this Plan. Any and all of Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

9.3 Trust Fund

At its discretion, the Employer may establish one (1) or more trusts, with such trustees as the Employer may approve, for the purpose of providing for the payment of benefits owed under this Plan. Although such a trust shall be irrevocable, its assets shall be held for payment to Employer's general creditors in the event of insolvency or bankruptcy. To the extent any benefits provided under this Plan with respect to an Employer's Participants are paid from any such trust, that Employer shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation solely of the Employer.

9.4 Nonassignability

Participant shall not have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by Participant, nor shall they be transferable by operation of law in the event of Participant's bankruptcy or insolvency.

9.5 Not a Contract of Employment

This Plan shall not constitute a contract of employment between Employer and Participant. Nothing in this Plan shall give Participant the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge Participant at any time.

9.6 Participant Cooperation

A Participant shall cooperate with Employer by furnishing any and all information requested by Employer in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Employer may deem necessary and taking such other action as may be requested by Employer.

9.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of Pennsylvania except as preempted by federal law.

9.8 Validity

If any provision of this Plan is held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

9.9 Gender

The masculine gender shall include the feminine and the singular shall include the plural, except where the context expressly dictates otherwise.

9.10 Successors

The provisions of this Plan shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

9.11 Notices

All notices shall be in writing, and shall be sufficiently given if delivered to the Employer at its principal place of business, or to the Participant at his last known address as shown in Employer's records, in person, by Federal Express or similar receipted delivery, or, if mailed, postage prepaid, by certified mail, return receipt requested. The date of such mailing shall be deemed the date of notice, demand or consent.

9.12 Compliance with Code Section 409A

All provisions in this document shall be interpreted, to the extent possible, to be compliant with Code Section 409A. However, in the event any provision of this Plan is determined to not be in compliance with Code Section 409A and any regulations or other guidance promulgated thereunder, such provision shall be null and void to the extent of such noncompliance.

9.13 Entire Agreement

This Plan constitutes the entire understanding and agreement with respect to the subject matter contained herein. There are no agreements, understandings, restrictions, representations or warranties among any Participant and Employer pertaining to the subject matter hereof, other than those as set forth or provided for herein.

CNB FINANCIAL CORPORATION

By: ______________________

President and CEO

Title

Date: 12-28-21

SCHEDULE A

CNB FINANCIAL CORPORATION

Supplemental Executive Retirement Plan

Normal Retirement Benefit
For
Michael Peduzzi

Normal Retirement Benefit Payable Annually for 20 Years (if employed through Normal Retirement Age):	$120,000
Normal Retirement Age	62

MICHAEL PEDUZZI

By: Michael D. Peduzzi

Date: 12-28-2021

CNB FINANCIAL CORPORATION

By: Joseph B. Bower Jr.

Date: 12-28-21

Exhibit 10.16

CNB FINANCIAL CORPORATION

DEFINED CONTRIBUTION PLAN

FOR LEANNE KASSAB

Effective January 1, 2022

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CNB FINANCIAL CORPORATION

DEFINED CONTRIBUTION PLAN

FOR LEANNE KASSAB

ARTICLE I—PURPOSE

CNB Financial Corporation, a Pennsylvania banking corporation (the "Bank") hereby adopts CNB Financial Corporation Defined Contribution Plan for Leanne Kassab (the "Plan") to provide current tax planning opportunities and supplemental funds upon retirement or death for Leanne Kassab ("Executive"). The Plan is intended and shall be interpreted to comply with Code Section 409A and those provisions of the Employee Retirement Income Security Act of 1974, as amended, applicable to an unfunded plan maintained primarily to provide deferred compensation benefits for the Executive.

ARTICLE II—DEFINITIONS

2.1 Account

"Account" means the interest of the Executive in the Plan as represented by the bookkeeping entries kept by the Bank. An Account may include separate subaccounts, as may be required.

2.2 Administrative Committee

"Administrative Committee" shall mean the compensation committee of the Board of Directors pursuant to Article VIII of the Plan.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity last designated by the Executive to receive any benefits payable after Executive's death pursuant to Article VII of the Plan.

2.4 Board or Board of Directors

"Board" or "Board of Directors" means the Board of Directors of the Bank.

2.5 Cause

"Cause" means deliberate dishonesty of the Executive with respect to the Bank, gross negligence, gross neglect, or the commission of a felony or gross-misdemeanor which results in any material adverse effect on the Bank.

2.6 Change in Control

"Change in Control" means a change in control of CNB Financial Corporation, as described in Code Section 409A(a)(2)(A)(v) and the regulations promulgated thereunder except that in determining if there has been a "change in the effective control" of CNB Financial Corporation, as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi), "thirty percent" shall be replaced with "fifty-one percent."

2.7 Code

"Code" means the Internal Revenue Code of 1986, as amended, and including all guidance and regulations promulgated thereunder.

2.8 Disability

"Disability" and "Disabled" mean the Executive is:

(a) Unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or

(b) By reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Bank; or

(c) Determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

The Administrative Committee will determine whether or not the Executive has incurred a Disability under subsections (a) and (b) above based on such evidence as it deems necessary or appropriate.

2.9 Distribution Election

"Distribution Election" is the election the Executive makes as to either form of payment or time of payment, or both, under the provisions of Article VI with respect to his or her Bank Contribution Account. Distribution Elections made pursuant to Article VI shall be irrevocable on January 1, 2022, except as may be provided in Section 6.3.

2.10 Effective Date

"Effective Date" means January 2, 2022.

2.11 Bank Contribution Account

"Bank Contribution Account" means the Account(s) established to record Bank Contributions and any earnings credited thereto.

2.12 Bank Contribution

"Bank Contribution" means the amount the Bank credits to the Executive's Bank Contribution Account as a nonelective contribution in accordance with Section 3.2 of the Plan. This shall be 35% of Executive's annual base salary, not including any annual bonuses, group-term life insurance premiums, any noncash benefit provided to the Executive, or any fringe benefit under Code Section 132, whether or not excludible from gross income. This contribution shall be calculated before any payroll reduction for any amounts deferred by the Executive pursuant to the Bank's tax qualified plans maintained under Code Section 401(a) or a plan maintained under Code Section 125, or under this Plan.

2.13 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and including all guidance and regulations promulgated thereunder.

2.14 Installment Eligible or Installment Eligibility

"Installment Eligible" or "Installment Eligibility" means the point in time when the Executive has become eligible to receive installment distributions under Section 6.1 because the Executive has attained age sixty-five (65) prior to the Executive's Separation from Service.

2.15 Interest Rate

"Interest Rate" means the earnings rate credited to an Account. The earnings rate credited for a Plan Year shall be a fixed rate of 4%.

2.16 Plan

"Plan" means the CNB Financial Corporation Defined Contribution Plan for Leanne Kassab as set forth in this document and any Distribution Election, as the same may be amended from time to time.

2.17 Plan Year

"Plan Year" means the calendar year.

2.18 Separation from Service

"Separation from Service" and "Separated from Service" means the Executive's termination of employment with the Bank and all affiliated and subsidiary entities that are considered to be part of a controlled group with the Bank pursuant to Code Section 414(b) or (c), except that in applying Code Section 1563 "fifty percent" shall be substituted for "eighty percent." Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Bank and the Executive reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or independent contractor) over the immediately preceding thirty-six (36) months (or the full period of service to the Bank if the Executive has been providing services to the Bank for less than thirty-six (36) months). Separation from Service shall be determined consistent with and pursuant to Code Section 409A(a)(2)(A)(i).

2.19 Small Benefit

"Small Benefit" means a lump-sum payment pursuant to Section 6.8 of the Plan.

2.20 Specified Employee

"Specified Employee" means a specified employee as defined in Code Section 409A(a)(2)(B).

ARTICLE III—PARTICIPATION AND ACCOUNTS

3.1 Participation

The Executive shall commence participation in this Plan as of the Effective Date.

3.2 Bank Contributions

On the first business day of each year, until Executive has a Separation from Service, a contribution will be allocated to the Executive's Bank Contribution Account.

ARTICLE IV—VESTING AND FORFEITURE

4.1 Vesting of Bank Contributions

(a) **Bank Contributions.** Executives shall be 0% vested in their Bank Contributions until the later of the date that they attain age fifty-five (55) or five (5) years of service, at which point they shall be 100% vested in all Bank Contributions.

(b) **Effect of Separation from Service.** The vested percentage in any partially vested Bank Contributions shall not increase after the Executive's date of Separation from Service.

(c) **Full Vesting upon the Occurrence of Certain Events.** The Executives shall immediately fully vest in all Bank Contributions upon the occurrence of any of the following events:

(i) The Executive's death;

(ii) The Executive's Disability; or

(iii) CNB Financial Corporation undergoes a Change in Control.

4.2 Forfeiture of Bank Contributions

Notwithstanding Section 4.1 or anything in this Plan to the contrary, the payment of benefits from the Bank Contributions Account may, at the discretion of the Board, be prohibited or discontinued, and such benefits forfeited if the Executive is involuntarily Separated from Service for Cause or if, within six months following the Executive's Separation from Service, the Board determines it could have involuntarily Separated from Service the Executive for Cause.

ARTICLE V—EARNINGS

5.1 Earnings on Accounts

Each December 31, the Executive's Bank Contributions Account shall be credited with an amount equal to the Interest Rate for that Plan Year multiplied by the balance in the Bank Contributions Account as of the previous December 31 plus the amount of the Bank Contribution credited to the Executive's Bank Contribution Account as of January 1 under Section 3.2. If the Bank Contribution was credited on a date other than January 1 for a Plan Year, the Interest Rate credited to this portion of the Executive's Bank Contribution Account shall be prorated for the number of days it actually was included in the Bank Contribution Account for that Plan Year.

5.2 Statement of Account

From time to time, but not less frequently than annually, the Bank shall provide to the Executive a benefit statement setting forth the balance of the Bank Contribution Account maintained for the Executive.

ARTICLE VI—DISTRIBUTIONS FROM THE PLAN

6.1 Benefit upon Separation from Service after Attainment of Installment Eligibility

(a) **Form of Payment.** Prior to the Effective Date, the Executive shall be required to elect the manner in which the vested amount of the Bank Contribution Account, if any, shall be distributed upon Separation from Service after the Executive becomes Installment Eligible. The Executive may choose either:

(i) Lump sum; or

(ii) Annual installments for a period of ten (10) years. The first installment shall be paid as provided under Section 6.4 or Section 6.7, as appropriate. Each subsequent annual installment shall be redetermined and paid as of the anniversary date of the first installment payment based on the then remaining Account balance and the remaining number of installments.

(b) **Default.** In the event the Executive does not timely elect the manner in which the Executive's Bank Contribution Account is to be distributed, such Account shall be distributed in a lump sum.

6.2 Benefit upon Separation from Service prior to Attainment of Installment Eligibility

Form of Payment. Irrespective of Distribution Election(s) previously made by the Executive for his Bank Contribution Account, all vested balances in the Executive's Bank Contribution Account shall be distributed as a result of his Separation from Service, other than retirement, prior to attainment of Installment Eligibility in a lump sum.

6.3 Change in Time of Payment

The Executive may subsequently change a Distribution Election provided:

(a) Such election is submitted to the Administrative Committee in writing at least twelve (12) months prior to the date any amount is to be distributed from the Plan;

(b) Such election shall not take effect until twelve (12) months after it is submitted to the Administrative Committee in writing; and

(c) The payment of benefits from the Executive's Bank Contribution Account to which a subsequent election applies shall not commence until at least five (5) years from the date such payment would otherwise have been made.

6.4 Time of Payment

Upon the Executive's Separation from Service for any reason other than death or Disability, the Bank shall pay to the Executive a benefit equal to the vested balance in the Executive's Bank Contribution Account(s) in accordance with this Article VI. A lump sum distribution or the first in a series of installment payments under Section 6.1 shall be made within ninety (90) days of the later of the Executive's date of Separation from Service or his attainment of age sixty-five (65), subject to Sections 6.8 and 6.9 of the Plan.

6.5 Benefit upon Death

(a) **Prior to Commencement of Benefits.** If the Executive dies prior to the commencement of benefit payments under this Plan, the Bank shall pay to the Beneficiary the Executive's vested Bank Contribution Account balances in a lump sum within ninety (90) days of the Executive's date of death.

(b) **After the Commencement of Benefits.** If the Executive dies following the commencement of benefit payments, the Bank shall pay to the Beneficiary any remaining installment payments that would have been paid to the Executive had the Executive survived. Such payments shall be made at the same time and in the same form as the Executive would have received had he or she survived.

(c) **After the Completion of Distributions.** If the Executive dies after all Account balances have been completely distributed, no death benefit shall be payable to the Beneficiary.

6.6 Benefit upon a Change in Control

(a) **Separation from Service After Change in Control.** If the Executive has a Separation from Service within one (1) year of an event constituting a Change in Control, their benefit shall be paid as a lump sum within ninety (90) days of the post-Change in Control Separation from Service, regardless of whether they have reached Installment Eligibility.

(b) **Post Change in Control Benefit Upon Death.** If the Executive dies after an event constituting a Change in Control, the benefit shall be paid as provided in Section 6.5.

6.7 Benefit upon a Disability

Form and Timing of Payment. If the Executive is found to be Disabled, the Executive shall be paid as provided under his Distribution Election in either a lump sum or installments. A lump sum distribution or the first in a series of installment payments under Section 6.1 shall be payable immediately or as soon as administratively possible, but in no case shall such payment be delayed longer than ninety (90) days of the finding that the Executive is Disabled.

6.8 Small Benefit

Notwithstanding anything herein to the contrary, but subject to Section 6.9 of the Plan, if, on the date payment is to commence, the Executive's vested Bank Contributions Account balance (plus the Executive's vested interest in any other plan or plans required to be aggregated with this Plan under Section 409A) is less than the then current IRS limit on elective deferrals to a 401(k) plan under Code Section 402(g)(1)(B), such Account balance shall be paid to the Executive in a single lump sum within ninety (90) days of the Executive's date of Separation from Service.

6.9 Delayed Payments

Notwithstanding anything herein to the contrary, if the Executive is a Specified Employee as of his or her date of Separation from Service except due to death, payment of Executive's Account may not be made or commence before the date that is six (6) months after the date of Separation from Service (or, if earlier, the date of death of the Executive). If the Executive's Account is scheduled to be paid in annual installments, then the first payment following the six (6) month delay will be valued as of the date the payment will be made, and subsequent payments will be made on the anniversary of the date payment was actually made.

6.10 Withholding and Payroll Taxes

The Bank shall withhold from Plan payments any taxes required to be withheld from such payments under federal, state or local law. In addition, any withholding of taxes required with respect to the vesting of Bank Contributions that is required by federal, state, or local law, including but not limited to FICA and Medicare taxes, shall be withheld from the Executive's compensation. The Executive shall bear the ultimate responsibility for payment of all taxes owed under this Plan.

6.11 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Administrative Committee may direct payment to the guardian, conservator, legal representative or person having the care and custody of such minor, incompetent or incapacitated person. The Administrative Committee may require proof of minority, incompetency, incapacity, conservatorship or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Bank from all liability with respect to such benefit.

ARTICLE VII—BENEFICIARY DESIGNATION

7.1 Beneficiary Designation

The Executive shall have the right, at any time, to designate one (1) or more persons or entities as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Executive's death prior to complete distribution of the Executive's vested benefit. Each Beneficiary designation shall be in a written form prescribed by Administrative Committee and shall be effective only when filed with Administrative Committee during the Executive's lifetime.

7.2 Changing Beneficiary

Any Beneficiary designation may be changed by the Executive without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. The filing of a new designation shall supersede all designations previously filed. If the Executive's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

7.3 No Beneficiary Designation

If the Executive fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary dies before the Executive or before complete distribution of the Executive's

benefits, the Executive's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

(a) The Executive's surviving spouse;

(b) The Executive's children in equal shares, except that if any of the children predecease the Executive with surviving issue, then such issue shall take by right of representation;

(c) The Executive's estate.

7.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Bank's obligations to the Executive and Beneficiary under this Plan.

ARTICLE VIII—ADMINISTRATION

8.1 Administration

The Plan shall be administered by the Administrative Committee, which shall be the person or persons appointed by the Board of Directors or the Chief Executive Officer of the Bank to administer the Plan, and which shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve, in its sole discretion, any and all questions, including interpretations of the Plan, as may arise in such administration.

8.2 Agents

The Administrative Committee may employ agents and delegate to them such administrative duties as it sees fit, and may consult with counsel who may be counsel to the Bank.

8.3 Binding Effect of Decisions

The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

ARTICLE IX—CLAIMS PROCEDURE

9.1 Claim Procedures

Any person claiming a benefit ("Claimant") under the Plan shall present the request in writing to the Administrative Committee.

(a) **Initial Claim Review.** If the claim is wholly or partially denied, the Administrative Committee will, within ninety (90) days (one hundred eighty (180) days in special circumstances) after the receipt of such claim, provide the Claimant with written notice of the denial setting forth in a manner calculated to be understood by the Claimant:

(i) The specific reason or reasons for which the claim was denied;

(ii) Specific reference to pertinent provisions of the Plan, rules, procedures or protocols upon which the Administrative Committee relied to deny the claim;

(iii) A description of any additional material or information that the Claimant may file to perfect the claim and an explanation of why this material or information is necessary;

(iv) An explanation of the Plan's claims review procedure and the time limits applicable to such procedure and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review.

If special circumstances require an extension of time for processing the claim, the Claimant will be notified within the initial ninety (90) day review period of the special circumstances requiring the extension and the date by which the Administrative Committee expects to render a decision.

In addition, notwithstanding the foregoing, if the claim relates to a disability determination ("Disability Claim"), the decision shall be rendered within forty-five (45) days after receipt of the claim, which may be extended twice by an additional thirty (30) days per extension for matters beyond the control of the Administrative Committee. The claimant will be notified in writing of any such extension(s) before the end of the applicable decision period, as well as the circumstances requiring the extension, the date by which a decision on the claim is expected to be rendered and such other information required by ERISA.

(b) **Review of Claim.** If a claim for benefits is denied, in whole or in part, the Claimant may request to have the claim reviewed. The Claimant will have sixty (60) days (one hundred and eighty (180) days in the case of a Disability Claim) after receiving notice of the adverse benefit determination in which to request a review. The request must be in writing and delivered to the Administrative Committee. If no such review is requested, the initial decision of the Administrative Committee will be considered final and binding.

The Administrative Committee's decision on review shall be sent to the Claimant in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, as well as specific references to the pertinent Plan provisions, rules, procedures or protocols upon which the Administrative Committee relied to deny the appeal. The Administrative Committee shall consider all information submitted by the Claimant, regardless of whether the information was part of the original claim. The decision shall also include a statement of the Claimant's right to bring an action under Section 502(a) of ERISA if the claim is denied on review.

The Administrative Committee's decision on review shall be made not later than sixty (60) days (forty-five (45) days in the case of a Disability Claim) after its receipt of the request for review, unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than one hundred and twenty (120) days after receipt of the Claimant's request for review ninety (90) days in the case of a Disability Claim). If the Administrative Committee generates any new evidence during the process of reviewing a Disability Claim, the Claimant shall be provided with such new evidence in sufficient time to respond to the new evidence within the review period. If special circumstances require an extension of time for processing, the Claimant will be notified within the initial sixty (60) day period of the special circumstances requiring the extension and the date by which the Administrative Committee expects to render a decision.

The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to the provisions of the Plan on which the decision is based and other information required by ERISA, as well as an explanation of the Claimant's right to submit the claim for binding arbitration in the event of an adverse determination on review (or legal action in the case of a Disability claim).

(c) **Exhaustion of Plan's Claims and Review Procedures Required; Limitations on Legal Actions.** The Plan's claims and appeal procedures described above must be exhausted with respect to any claim of any kind relating to the Plan. If any legal action is permitted to be filed with respect to a Disability Claim under the Plan, such action must be brought by the Claimant no later than one (1) year after the Administrative Committee's denial of the claim on review, regardless of any state or federal statutes establishing provisions relating to limitations on actions.

ARTICLE X—AMENDMENT AND TERMINATION OF PLAN

The Board may, in its sole discretion and at any time, amend or terminate the Plan by a written instrument subject to the following:

(a) No amendment or termination shall adversely affect the rights or benefits of the Executive under the Plan without the Executive's prior written consent; and

(b) Any amendment to, or termination of, the Plan, including any change in the timing or form of payment of benefits, including the total liquidation of the Plan, shall comply with Code Section 409A.

ARTICLE XI—MISCELLANEOUS

11.1 Unfunded Plan

This Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. The Board may terminate the Plan and make no further benefit payments if it is determined by the United States Department of Labor, a court of competent jurisdiction, or an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt.

11.2 Unsecured General Creditor

The Executive and his Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of the Bank, nor shall they be beneficiaries of, or have any rights, claims or interests in, any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Bank. Such policies, annuity contracts or other assets of the Employer(s) shall not be held in any trust for the benefit of the Executive, his Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of any Bank under this Plan. Any and all of the Bank's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of the Bank. The Bank's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

11.3 Trust Fund

In its discretion, the Bank may establish one (1) or more trusts, with such trustees as the Bank may approve, for the purpose of providing for the payment of benefits owed under this Plan. Although such a trust shall be irrevocable, its assets shall be held for payment to the Bank's general creditors in the event of insolvency or bankruptcy. To the extent any benefits provided under this Plan with respect to the Executive are paid from any such trust, that Bank shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation solely of the Bank.

11.4 Nonassignability

The Executive shall not have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Executive, nor shall they be transferable by operation of law in the event of the Executive's bankruptcy or insolvency.

Notwithstanding the above paragraph, the Bank may accelerate the time for paying benefits to someone other than the Executive to the extent necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)).

11.5 Not a Contract of Employment

This Plan shall not constitute a contract of employment between the Bank and the Executive. Nothing in this Plan shall give the Executive the right to be retained in the service of the Bank or to interfere with the right of the Bank to discipline or discharge the Executive at any time.

11.6 Executive Cooperation

The Executive shall cooperate with the Bank by furnishing any and all information requested by the Bank in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Bank may deem necessary and taking such other action as may be requested by the Bank.

11.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of Pennsylvania except as preempted by federal law.

11.8 Validity

If any provision of this Plan is held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

11.9 Gender

The masculine gender shall include the feminine and the singular shall include the plural, except where the context expressly dictates otherwise.

11.10 Successors

This Agreement shall bind the Executive, the Bank, and their heirs, successors, personal representatives and assigns. The Bank expressly agrees that it shall not merge or consolidate into or with another bank or sell substantially all of its assets to another bank, firm or person until such bank, firm or person expressly agrees, in writing, to assume and discharge the duties and obligations of the Bank under this Agreement.

11.11 Notices

All notices shall be in writing, and shall be sufficiently given if delivered to the Bank at its principal place of business, or to the Executive at his last known address as shown in the Bank's records, in person, by Federal Express or similar receipted delivery, or, if mailed, postage prepaid, by certified mail, return receipt requested. The date of such mailing shall be deemed the date of notice, demand or consent.

11.12 Compliance with Code Section 409A

All provisions in this document shall be interpreted, to the extent possible, to be compliant with Code Section 409A. However, in the event any provision of this Plan is determined to not be in compliance with Code Section 409A and any regulations or other guidance promulgated thereunder, such provision shall be null and void to the extent of such noncompliance.

11.13 Entire Agreement

This Plan constitutes the entire understanding and agreement with respect to the subject matter contained herein. There are no agreements, understandings, restrictions, representations or warranties between the Executive and the Bank pertaining to the subject matter hereof, other than those as set forth or provided for herein.

CNB Financial Corporation

By: [signature]

Its President and CEO

Dated: 12/27/21

December 10, 2004

COUNTY NATIONAL BANK

Dear Participant,

A new law was recently passed that has a significant impact on ***all*** plans that provide nonqualified deferred compensation (NQDC), including your plan. Until the IRS issues guidance, we will not know all of the details, and then there will be a transition period while changes can be made.

New Election Requirements

~~1.~~**Initial Deferral Election**—Generally, an election to defer compensation must be made in the year prior to the year in which the income will be earned. For newly eligible participants), the election can be made within 30 days following the date the participant becomes eligible. There is also an exception that allows deferral of performance-based compensation (such as annual bonuses) earned over a twelve-month period as long as the election is made at least six months before the end of the period.

Distributions

1. **Generally**---Distributions can occur only upon (i) separation from service, (ii) disability (narrowly defined), (iii) death, (iv) occurrence of an "unforeseeable emergency" (narrowly defined and only to the extent it cannot be met by other resources), and (v) arrival of a specific time or according to a fixed schedule designated at the time of deferral.

2. **Change of Control**---Under regulations to be issued by the IRS, distributions following a "change in the ownership or effective control" of the employer or change in the ownership of a substantial portion of the assets, also will be permitted.

3. **"Key Employees"**---Distributions to "key employees" (generally, the top fifty officers with compensation of at least $130,000) of public companies cannot be made until six months after separation from service.

Deemed Investment Options

In general, the new law should not affect the method used under the Plan to credit earnings to your account, although the Company may choose to add or eliminate crediting options.

Annual Reporting Required

Annual reporting of "amounts deferred", as well as amounts of deferred compensation paid, on Form W-2 will be required.

When Does it Become Effective?

Generally, the new rules apply to compensation deferred in taxable years after December 31, 2004.

What Should You Do For Now?

1. If you plan to defer compensation to be earned in 2005, be sure to file your election form in accordance with current procedures *before December 31, 2004 (or an earlier date if the Company so specifies).*

2. Pay particular attention to the time and form of payment that you elect. You will only be permitted to change it if you agree to defer receipt by an additional 5 years.

3. You may be contacted about further requirements or options after the beginning of the year.

CNB FINANCIAL CORPORATION

Executive Deferred Compensation Plan

Amended and Restated
Effective January 1, 2005

DISCLAIMER

This draft plan is provided as a sample of the type of document required for the creation of a nonqualified deferred compensation program with the understanding that our organization is not engaged in the practice of law or accounting. You should seek the advice and counsel of your own lawyer or accounting professional as to appropriate documents and the legal and financial impact of a plan in your specific circumstances.

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PREAMBLE

CNB Financial Corporation (the Employer) previously adopted the Executive Deferred Compensation Plan, effective December 29, 1998, and pursuant to Section 18 thereof reserved the right to amend the Plan at any time. In order to comply with the requirements of Section 409A of the Internal Revenue Code, as enacted by the American Jobs Creation Act of 2004, it is necessary for the Plan to be amended and restated. The terms of the Plan in effect prior to January 1, 2005 will continue to govern benefits accrued and vested prior to that date.

ARTICLE I--INTRODUCTION

1.1 Name.

The name of this Plan is the CNB Financial Corporation Executive Deferred Compensation Plan (the Plan).

1.2 Purpose.

The purpose of the Plan is to offer Participants the opportunity to defer voluntarily current Compensation for retirement income and other significant future financial needs for themselves, their families and other dependents, and to provide the Employer, if appropriate, a vehicle to address limitations on its contributions under any tax-qualified defined contribution plan. This Plan is intended to be a nonqualified "top-hat" plan; that is, an unfunded plan of deferred compensation maintained for a select group of management or highly compensated employees pursuant to Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, and an unfunded plan of deferred compensation under the Code.

1.3 Interpretation.

Throughout the Plan, certain words and phrases have meanings, which are specifically defined for purposes of the Plan. These words and phrases can be identified in that the first letter of the word or words in the phrase is capitalized. The definitions of these words and phrases are set forth in Article II and elsewhere in the Plan document. Wherever appropriate, pronouns of any gender shall be deemed synonymous, as shall singular and plural pronouns. Headings of Articles and Sections are for convenience or reference only, and are not to be considered in the construction or interpretation of the Plan. The Plan shall be interpreted and administered to give effect to its purpose in Section 1.3 and to qualify as a nonqualified, unfunded plan of deferred compensation.

ARTICLE II--DEFINITIONS

2.1 Generally.

Certain words and phrases are defined when first used in later paragraphs of this Agreement. Unless the context clearly indicates otherwise, the following words and phrases when used in this Agreement shall have the following respective meanings:

2.2 Account.

"Account" shall mean the interest of a Participant in the Plan as represented by the hypothetical bookkeeping entries kept by the Employer for each Participant. Each Participant's interest may be divided into one or more separate accounts or sub-accounts, including the Participant Deferral Account and the Matching Contribution Account, which reflect not only the Contributions into the Plan, but also gains and losses, and income and expenses allocated thereto, as well as distributions or any other withdrawals. The value of these accounts or sub-accounts shall be determined as of the Valuation Date. The existence of an account or bookkeeping entries for a Participant (or his Designated Beneficiary) does not create, suggest or imply that a Participant, Designated Beneficiary, or other person claiming through them under this Plan, has a beneficial interest in any asset of the Employer.

2.3 Administrator.

"Administrator" shall mean one or more persons appointed by the Employer to administer the terms of the Plan, as provided in Article VIII.

2.4 Balance.

"Balance" shall mean the total of Contributions and Deemed Earnings credited to a Participant's Account under Article V, as adjusted for distributions or other withdrawals in accordance with the terms of this Plan and the standard bookkeeping rules established by the Employer.

2.5 Board Committee.

"Board Committee" or "Committee" shall mean the Compensation Committee of the Employer's Board of Directors, or such other Committee of the Board as may be delegated with the duty of determining Participant eligibility under the Plan.

2.6 Board of Directors.

"Board of Directors" or "Board" shall mean the Board of Directors of the Employer.

2.7 Change of Control.

"Change of Control" shall mean a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as provided in Treasury regulations.

2.8 Code.

"Code" shall mean the Internal Revenue Code of 1986 and the Regulations thereto, as amended from time to time.

2.9 Compensation.

"Compensation" shall mean the base or regular cash salary payable to an Employee by the Employer, as well as incentives or bonuses payable to an Employee by the Employer, commissions payable to an Employee by the Employer, including any such amounts which are not includible in the Participant's gross income under Sections 125, 401(k), 402(h) or 403(b) of the Internal Revenue Code of 1986, as amended.

2.10 Contributions.

"Contributions" shall mean the total of Participant Deferrals pursuant to Article IV, which represent each Participant's credits to his Account.

2.11 Deemed Earnings.

"Deemed Earnings" shall mean the gains and losses (realized and unrealized), and income and expenses credited or debited to Contributions based upon the Deemed Crediting Options in a Participant's Account as of any Valuation Date.

2.12 Deemed Crediting Options.

"Deemed Crediting Options" shall mean the hypothetical options made available to Plan Participants by the Employer for the purposes of determining the proper crediting of gains and losses, and income and expenses to each Participant's Account, subject to procedures and requirements established by the Board Committee. A Participant may reallocate his Account among such Deemed Crediting Options periodically at such frequency and upon such terms as the Board Committee may determine from time to time.

2.13 Deferral Election Form.

"Deferral Election Form" or "Annual Deferral Election Form" shall mean that written agreement of a Participant. The Deferral Election Form shall be in such form or forms as may be prescribed by the Administrator, filed annually with the Employer, according to procedures and at such times as established by the Administrator. Among other information the Administrator may require of the Participant for proper administration of the Plan, such agreement shall establish the Participant's election to defer Compensation for a Plan Year under the Plan; the amount of the deferral into the Plan for the Plan Year; the Participant's elections as to distribution of his Account, and the allocation of his Accounts among the Deemed Crediting Options provided under the Plan; and the Designated Beneficiary.

2.14 Designated Beneficiary.

"Designated Beneficiary" or "Beneficiary" shall mean the person, persons or trust specifically named to be a direct or contingent recipient of all or a portion of a Participant's benefits under the Plan in the event of the Participant's death prior to the distribution of his full Account Balance. Such designation of a recipient or recipients may be made and amended, at the Participant's

discretion, on the Deferral Election Form and according to procedures established by the Administrator. No beneficiary designation or change of Beneficiary shall become effective until received and acknowledged by the Employer. In the event a Participant does not have a beneficiary properly designated, the beneficiary under this Plan shall be the Participant's estate.

2.15 Disability.

"Disability" shall mean that a Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer.

2.16 Effective Date.

"Effective Date" of the Plan shall mean January 1, 2005.

2.17 Eligible Employee.

"Eligible Employee" shall mean a person who (for any Plan Year or portion thereof) is: (1) an Employee of the Employer; (2) a member of a select group of management or a highly compensated employee of the Employer; and (3) selected by the Board Committee to participate in the Plan.

2.18 Employee.

"Employee" shall mean a full time common law employee of the Employer.

2.19 Employer.

"Employer" shall mean CNB Financial Corporation, designated subsidiaries and any corporate successors and assigns, unless otherwise provided herein.

2.20 ERISA.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.21 Key Employee.

"Key Employee" shall mean any Participant who is (i) one of the top-fifty most highly compensated officers with annual compensation in excess of $130,000 (as adjusted from time to time by Treasury regulations); (ii) a five percent owner of the Employer; or (iii) a one percent

owner of the Employer with annual compensation in excess of $150,000 (as adjusted from time to time by Treasury regulations) of a publicly traded corporation.

2.22 Leave of Absence.

"Leave of Absence" shall mean a period of time, not to exceed twelve (12) consecutive calendar months during which time a Participant shall not be an active Employee of the Employer, but shall be treated for purposes of this Plan as in continuous service with the Employer. A Leave of Absence may be either paid or unpaid, but must be agreed to in writing by both the Employer and the Participant. A Leave Of Absence that continues beyond the twelve (12) consecutive months shall be treated as a Termination of Service as of the first business day of the thirteenth month for purposes of the Plan.

2.23 Participant.

"Participant" shall mean an Eligible Employee who participates in the Plan under Article III; a former Eligible Employee who has participated in the Plan and continues to be entitled to a benefit (in the form of an undistributed Account Balance) under the Plan, and any former Eligible Employee who has participated in the Plan under Article III and has not yet exceeded any Leave of Absence.

2.24 Participant Deferral.

"Participant Deferral" shall mean voluntary Participant deferral amounts, which could have been received currently but for the election to defer and are credited to his Account for later distribution, subject to the terms of the Plan.

2.25 Participant Deferral Account.

"Participant Deferral Account" shall mean that portion of a Participant's Account established to record Participant Deferrals on behalf of a Participant.

2.26 Performance Based Compensation.

"Performance-based compensation" shall mean compensation that is (i) variable and contingent on the satisfaction of pre-established organizational or individual performance criteria; (ii) not readily ascertainable at the time; and (iii) based on services performed over a period of at least twelve months.

2.27 Plan Year.

"Plan Year" shall mean the twelve (12) consecutive month period constituting a calendar year, beginning on January 1 and ending on December 31. However, in any partial year of the Plan that does not begin on January 1, "Plan Year" shall also mean the remaining partial year ending on December 31.

2.28 Separation from Service.

"Separation from Service" shall mean a Participant's separation from service as an Employee with the Employer, other than for death, Disability, or Leave of Absence. A transfer of employment within and among the Employer and any member of a controlled group, as provided in Code Section 409A (d)(6), shall not be deemed a Separation from Service.

2.29 Unforeseeable Emergency.

"Unforeseeable emergency" shall mean a severe financial hardship to the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code)of the participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

2.30 Valuation Date.

"Valuation Date" shall mean the close of each business day, as established and amended from time to time by guidelines and procedures of the Administrator in its sole and exclusive discretion.

ARTICLE III--ELIGIBILITY & PARTICIPATION

3.1 Eligibility Requirements.

Only an Eligible Employee selected by the Board Committee may become a Participant in this Plan. Moreover, a Participant shall not be permitted to make new Participant Deferrals to the Plan, if he ceases to be an Eligible Employee because he is no longer a member a select group of management or highly compensated employees, or otherwise. The Board Committee shall notify an Eligible Employee of his eligibility for a Plan Year in such form as it may determine most appropriate. Current Participants remain eligible until notified otherwise.

3.2 Participation.

An Eligible Employee shall become a Participant in the Plan by the completion and timely filing with and subsequent acceptance by, the Employer of the Deferral Election Form, in such form and according to the terms and conditions established by the Administrator. A Participant (or any Designated Beneficiary who becomes entitled) remains a Participant as to his Account until his Account Balance is fully distributed under the terms of the Plan.

ARTICLE IV—ELECTIONS, DEFERRALS & MATCHING CONTRIBUTIONS

4.1 Participant Election to Defer Compensation.

A. Prior to December 31 or an earlier date set by the Administrator, a Participant may elect to defer Compensation for services to be performed in the next following Plan Year by the execution and timely filing, and Employer's acceptance of, a Deferral Election Form in such

form and according to such procedures as the Administrator may prescribe from time to time. Each such Deferral Election Form shall be effective for the Plan Year to which the Deferral Election Form pertains.

B. Each Participant may elect annually to have his Compensation for the Plan Year reduced by a whole percentage of up to (i) 10% of base salary (ii) 100% of any annual bonuses and (iii) 100% of any insurance premiums for Participants who are uninsurable under programs under which they otherwise would be covered, by timely filing, and the acceptance by the Employer of, his Deferral Election Form detailing such deferral. The amount of this Participant Deferral shall be deferred into the Plan and credited to the Participant's Account as provided in Article V

C. An election to defer Performance-Based Compensation may be made at such time and in such manner as the Administrator may specify, but in any event not later than six months before the end of the period for which it is earned.

D. Under such Deferral Election Form, a Participant shall indicate the amount of such Participant Deferral; designate and allocate such Participant Deferral in or among the elective distribution Account option(s); and, allocate such Accounts among the Deemed Crediting Options. The Deferral Election Form shall also permit a Participant to elect annually to receive a distribution of his entire Account in the event of a Change of Control during the forthcoming Plan Year. The Deferral Election Form may also request other information, such as a Participant's Designated Beneficiary, as may be required or useful for the administration of the Plan.

4.2 <u>New Participants and Partial Years.</u>

The initial Deferral Election Form of a new Participant shall be filed with the Employer on a date established by the Administrator, but in any event not later than 30 days following the date the Participant becomes eligible to participate in the Plan and shall be effective only with respect to services to be performed subsequent to the election. Such first Deferral Election Form shall be applicable to a Participant's Compensation beginning with the first payroll in the month after such Form is filed and accepted by the Employer.

4.3 <u>Irrevocable Elections.</u>

An election in a Deferral Election Form to defer Compensation for a Plan Year, once made by a Participant, shall be irrevocable. The Administrator, however, shall reduce or eliminate Participant Deferrals upon granting a Participant's request for a distribution based upon an Unforeseeable Emergency.

<u>ARTICLE V--ACCOUNTS & ACCOUNT CREDITING</u>

5.1 <u>Establishment of a Participant's Account.</u>

A. Bookkeeping Account. The Administrator shall cause a deemed bookkeeping Account and appropriate sub-accounts, based upon the primary elective distribution option(s) to be

established and maintained in the name of each Participant, according to his annual Deferral Election Form for the Plan Year. This Account shall reflect the amount of Participant Deferrals and Deemed Earnings credited on behalf of each Participant under this Plan.

B. Bookkeeping Activity. Participant Deferrals shall be credited to a Participant's Account on the business day they would otherwise have been made available as cash to the Participant. Matching Contributions shall be credited to a Participant's Account on the Valuation Date the Employer designates. Deemed Earnings shall be credited or debited to each Participant's Account, as well as any distributions, any other withdrawals under this Plan, as of a Valuation Date. Accounts shall continue on each Valuation Date until the Participant's Account is fully distributed under the terms of the Plan.

5.2 <u>Deemed Crediting Options.</u>

A. General. The Board Committee shall establish a portfolio of one or more Deemed Crediting Options, among which a Participant may allocate amounts credited to his Account, which are subject to Participant direction under this Plan. The Board Committee reserves the right, in its sole and exclusive discretion, to substitute, eliminate and otherwise change this portfolio of Deemed Crediting Options, as well as the right to establish rules and procedures for the selection and offering of these Deemed Crediting Options.

B. Employer Stock Option. The initial Deemed Crediting Option available shall be the Employer Stock Option. Amounts credited to this Option shall be deemed to be invested in shares of common stock of the Employer. A Participant's Account will be credited with deemed distributions if and when dividends are declared and paid with respect to Employer common stock, and such deemed dividends will be deemed to have been reinvested in Employer common stock as of the first business day following the deemed payment. Fair market value of Employer common stock means, as of any day, the average of the closing prices of sales of shares of common stock on all national securities exchanges on which the common stock may be listed. If there have been no sales on such day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day shall be used. If such common stock is not listed on any national exchange, then the average of the representative bid and asked prices quoted in the National Association of Securities Dealers, Inc. Automated Quotation System for such date or the next preceding date that the common stock was traded on such market shall be used.

5.3 <u>Allocation Of Account Among Deemed Crediting Options.</u>

A. Each Participant shall elect the manner in which his Account is divided among the Deemed Crediting Options by giving allocation instructions in a Deferral Election Form supplied by and filed with the Administrator, or by such other procedure, including electronic communications, as the Administrator may prescribe. A Participant's election shall specify the percentage of his Account (in any whole percentage) to be deemed to be invested in any Deemed Crediting Option. Such election shall remain in effect until a new election is made.

B. Amounts credited to a Participant's Account shall be deemed to be invested in accordance with the most recent effective Deemed Crediting Option election. As of the effective date of any new Deemed Crediting Option election, all or a portion of the Participant's Account shall be reallocated among the designated Deemed Crediting Options and according to the percentages specified in the new instructions, until and unless subsequent instructions shall be filed and become effective. If the Administrator receives a Deemed Crediting Option election, which is unclear, incomplete or improper, the Deemed Crediting Option election then in effect shall remain in effect u Administrator.

5.4 Valuation and Risk of Decrease in Value.

The Participant's Account will be valued on the Valuation Date at fair market value. On such date, Deemed Earnings will be allocated to each Participant's Account. Each Participant and Designated Beneficiary assumes the risk in connection with any decrease in the fair market value of his Account.

5.5 Limited Function of Administrator.

By deferring compensation pursuant to the Plan, each Participant hereby agrees that the Employer and Administrator are in no way responsible for or guarantor of the investment results of the Participant's Account. The Administrator shall have no duty to review, or to advise the Participant on, the investment of the Participant's Account; and in fact, shall not review or advise the Participant thereon. Furthermore, the Administrator shall have no power to direct the investment of the Participant's Account other than promptly to carry out the Participant's deemed investment instructions when properly completed and transmitted to the Administrator and accepted according to its rules and procedures.

ARTICLE VI--VESTING

6.1 Vesting of Participant Deferrals.

A Participant shall be fully vested at all times in Participant Deferrals, as well as Deemed Earnings upon Participant Deferrals, credited to his Participant Deferral Account.

ARTICLE VII--DISTRIBUTIONS

7.1 Distributions Generally.

A Participant's Account shall be distributed only in accordance with the provisions of this Article VII. All distributions from Accounts under the Plan shall be made in cash in American currency.

7.2 Automatic Distributions.

A. **Participant's Death.** If the Participant dies while employed by the Employer in the capacity, his Account shall be valued as of the Valuation Date next following his date of death and shall be distributed in lump sum to his Designated Beneficiary as soon as administratively feasible.

B. **Participant's Disability.** If a Participant becomes disabled while employed by the Employer, his Account shall be valued as of the Valuation Date next following his date of Disability and shall be distributed in lump sum to him as soon as administratively feasible.

C. **Separation from Service.** If a Participant incurs a Separation from Service, his vested Account shall be valued as of the Valuation Date next following his official date of separation and shall be distributed to him in a lump sum or in installments, as the Participant may have elected, as soon as administratively feasible; provided, however, that the Account of a Key Employee shall not be distributed until six months following Separation from Service.

7.3 Elective Distributions.

A Participant shall become entitled to receive a distribution from his Account at such time or times and by such method of payment as elected and specified in the Participant's applicable annual Deferral Election Form, and/or as may be mandated by the provisions of this Article VII based upon the following distribution options:

A. **In-Service Distributions.** If a Participant elects in his annual Deferral Election Form, he can receive a distribution from his Account, as soon as three (3) years after the end of the deferral Plan Year, all of his annual deferral amount, plus amounts credited/debited based on the performance of the Participant's Deemed Crediting Option. The election is made on an annual basis, applies only to the Participant's current Plan Year contributions, is irrevocable and is payable according to the method of payment elected in the Participant's applicable annual Deferral Election Form. If the Participant dies while receiving In-Service installment payments, his Designated Beneficiary shall be paid the balance of the Account in a lump sum. If subsequently, the Designated Beneficiary dies; any remaining installments will be paid to the Designated Beneficiary's estate.

B. **Change of Control Distribution.** If a Participant shall so elect in his annual Deferral Election Form, a Participant's elective distribution election(s) shall be overridden and his entire Account shall be distributed to him as set forth in Section 7.4 C if a Change of Control should occur during the Plan Year.

7.4 Timing and Method of Payment for Distributions.

A. **In-Service Distributions.** At the election of a Participant in the applicable Deferral Election Form, an In-Service distribution will be either in the form of a lump-sum, occurring no later than thirty (30) days following the distribution date elected on the Deferral Election Form, or in annual installment payments beginning with the first business day on or after the commencement date as selected by the Participant in the annual Deferral Election Form and for a duration as selected by the Participant in the annual Deferral Election Form and to be paid thereafter within ten (10) days of the anniversary of the Valuation Date next preceding the

distribution date of each calendar year until the In-Service Distribution amount has been fully distributed.

B. Change of Control Distribution. If so elected by the Participant in his Annual Distribution Election Form, a distribution of all of a Participant's Account shall be made to him in a lump sum within thirty (30) days of the effective date of a Change of Control, overriding any prior Participant election(s) for distribution. Notwithstanding the foregoing provision, no distribution shall be made to any Participant until the earliest date and upon such conditions as may be set forth under Treasury regulations issued pursuant to Code Section 409A (e). A Participant's Account shall be valued as of such effective date of the Change of Control. If no such election was made by the Participant in his Annual Distribution Election Form, his distribution election(s) will not be overridden.

C. Installment Payments. In any distribution in which a Participant has elected or will receive distribution in annual installments of up to ten (10) years, the amount of each annual installment shall be determined by applying a formula to the Account in which the numerator is the number one and the denominator is the number of remaining installments to be paid. For example, if a Participant elects ten (10) annual installments for a distribution, the first payment will be 1/10 of the Account, the second will be 1/9, the third will be 1/8; the fourth will be 1/7 and so on until the Account is entirely distributed.

D. Failure to Designate a Method of Payment. In any situation in which the Administrator is unable to determine the method of payment because of incomplete, unclear, or uncertain instructions in a Participant's Deferral Election Form, the Participant will be deemed to have elected a lump sum distribution.

E. Subsequent Elections. A Participant who has made an In-Service distribution or a Separation from Service distribution election may make one or more subsequent elections to postpone the distribution date or to change the form of payment to another form permitted by the Plan. Such Subsequent Election shall be made in writing is such form as is acceptable to the Administrator and (i) is made at least twelve months prior to the original distribution date; (ii) provides for an effective date at least twelve months following the Subsequent Election; and (iii) postpones the commencement of payment for a period of not less than five years from the previous distribution date.

7.5 <u>Distributions Resulting from Unforeseeable Emergency.</u>

A Participant may request that all or a portion of his Account be distributed at any time prior to separation from service from the Employer by submitting a written request to the Administrator, provided that the Participant has incurred an Unforeseeable Emergency, and the distribution is necessary to alleviate such Unforeseeable Emergency.

Such distribution shall be limited to an amount that does not exceed the amount necessary to satisfy such emergency, plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the

Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Such distribution shall be made as soon as administratively practicable. The Balance not distributed from the Participant's Account shall remain in the Plan.

7.6 Distributions of Small Accounts.

If at any time the value of the Participant's Account is less than $5,000 (or such other greater or lesser amount as may be specified as "minimal" under Treasury regulations), the Administrator, in its sole and exclusive discretion, may make a distribution in lump sum of the value of the entire Account. If the value of a Participant's Account is zero upon the Valuation Date of any distribution, the Participant shall be deemed to have received a distribution of such Account and his participation in the Plan terminates.

ARTICLE VIII--ADMINISTRATION & CLAIMS PROCEDURE

8.1 Duties of the Employer.

The Employer shall have overall responsibility for the establishment, amendment, termination, administration, and operation of the Plan. The Employer shall discharge this responsibility by the appointment and removal (with or without cause) of the members of the Administrator, to which is delegated overall responsibility for administering, managing and operating the Plan.

8.2 The Administrator.

The Administrator shall consist of one or more members who shall be appointed by, and may be removed by, the Employer, and one of whom (who must be an officer of the Employer) shall be designated by the Employer as Chairman. In the absence of such appointment, the Employer shall serve as the Administrator. The Administrator shall consist of officers or other Employees of the Employer, or any other persons who shall serve at the request of the Employer. Any member of the Administrator may resign by delivering a written resignation to the Employer and to the Administrator, and this resignation shall become effective upon the date specified therein. The members of the Administrator shall serve at the will of the Employer, and the Employer may from time to time remove any Administrator member with or without cause and appoint their successors. In the event of a vacancy in membership, the remaining members shall constitute the Administrator with full order to act.

8.3 Administrator's Powers and Duties to Enforce Plan.

The Administrator shall be the "Administrator" and "Named Fiduciary" only to the extent required by ERISA for top-hat plans and shall have the complete control and authority to enforce the Plan on behalf of any and all persons having or claiming any interest in the Plan in accordance with its terms. The Administrator, in its sole and absolute discretion, shall interpret the Plan and shall determine all questions arising in the administration and application of the Plan. Any such interpretation by the Administrator shall be final, conclusive and binding on all persons.

8.4 Organization of the Administrator.

The Administrator shall act by a majority of its members at the time in office. Administrator action may be taken either by a vote at a meeting or by written consent without a meeting. The Administrator may authorize any one or more of its members to execute any document or documents on behalf of the Administrator. The Administrator shall notify the Employer, in writing, of such authorization and the name or names of its member or members so designated in such cases. The Employer thereafter shall accept and rely on any documents executed by said member of the Administrator or members as representing action by the Administrator until the Administrator shall file with the Employer a written revocation of such designation. The Administrator may adopt such by-laws and regulations, as it deems desirable for the proper conduct of the Plan and to change or amend these by-laws and regulations from time to time. With the permission of the Employer, the Administrator may employ and appropriately compensate accountants, legal counsel, benefit specialists, actuaries, plan administrators and record keepers and any other persons as it deems necessary or desirable in connection with the administration and maintenance of the Plan. Such professionals and advisors shall not be considered members of the Administrator for any purpose.

8.5 Limitation of Liability.

A. No member of the Board of Directors, the Employer and no officer or Employee of the Employer shall be liable to any Employee, Participant, Designated Beneficiary or any other person for any action taken or act of omission in connection with the administration or operation of this Plan unless attributable to his own fraud or willful misconduct. Nor shall the Employer be liable to any Employee, Participant, Designated Beneficiary or any other person for any such action taken or act of omission unless attributable to fraud, gross negligence or willful misconduct on the part of a Director, officer or Employee of the Employer. Moreover, each Participant, Designated Beneficiary, and any other person claiming a right to payment under the Plan shall only be entitled to look to the Employer for payment, and shall not have the right, claim or demand against the Administrator (or any member thereof), any Director, Officer or Employee of the Employer.

B. To the fullest extent permitted by the law and subject to the Employer's Certificate of Incorporation and By-laws, the Employer shall indemnify the Administrator, each of its members, and the Employer's officers and Directors (and any Employee involved in carrying out the functions of the Employer under the Plan) for part or all expenses, costs, or liabilities arising out of the performance of duties required by the terms of the Plan agreement, except for those expenses, costs, or liabilities arising out of a member's fraud, willful misconduct or gross negligence.

8.6 Administrator Reliance on Records and Reports.

The Administrator shall be entitled to rely upon certificates, reports, and opinions provided by an accountant, tax or pension advisor, actuary or legal counsel employed by the Employer or Administrator. The Administrator shall keep a record of all its proceedings and acts, and shall keep all such books of account, records, and other data as may be necessary for the proper administration of the Plan. The regularly kept records of the Administrator and the Employer shall

be conclusive evidence of the service of a Participant, Compensation, age, marital status, status as an Employee, and all other matters contained therein and relevant to this Plan. The Administrator, in any of its dealings with Participants hereunder, may conclusively rely on any Deferral Election Form, written statement, representation, or documents made or provided by such Participants.

8.7 Costs of the Plan.

All the costs and expenses for maintaining the administration and operation of the Plan shall be borne by the Employer unless the Employer shall give notice (that Plan Participants bear this expense, in whole or in part) to: (a) Eligible Participants at the time they become a Participant by completion and filing of a Deferral Election Form; or (b) to existing Participants during annual re-enrollment. Such notice shall detail the administrative expense to be assessed a Plan Participant, how that expense will be assessed and allocated to the Participant Accounts, and any other important information concerning the imposition of this administrative expense. This administration charge, if any, shall operate as a reduction to the bookkeeping Account of a Participant or his designated Beneficiary, and in the absence of specification otherwise shall reduce the Account, and be charged annually during the month of January.

8.8 Claims Procedure.

A. **Claim.** Benefits shall be paid in accordance with the terms of this Plan. A Participant, Designated Beneficiary or any person who believes that he is being denied a benefit to which he is entitled under the Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Employer, setting forth his claim. The request must be addressed to the Administrator care of Secretary of the Employer at its then principal place of business.

B. **Claim Decision.** Upon the receipt of a claim, the Administrator shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. However, the Administrator may extend the reply period for an additional ninety (90) days for reasonable cause. Any claim not granted or denied within such time period shall be deemed to have been denied. If the claim is denied in whole or in part, the Administrator shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth:

   (1) The specific reason or reasons for such denial;

   (2) The specific reference to pertinent provisions of this Agreement on which such denial is based;

   (3) A description of any additional material or information necessary for the Claimant to perfect his claim and an explanation why such material or such information is necessary;

   (4) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and

(5) The time limits for requesting a review under Subsection C and for review under Subsection D hereof.

C. Request for Review. Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Secretary of the Employer review the determination of the Administrator. Such request must be addressed to the Secretary of the Employer, at its then principal place of business. The Claimant or his duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Employer. If the Claimant does not request a review of the Administrator's determination by the Secretary of the Employer within such sixty (60) day period, he shall be barred and estopped from challenging the Administrator's determination.

D. Review of Decision. Within sixty (60) days after the Secretary's receipt of a request for review, he will review the Administrator's determination. After considering all materials presented by the Claimant, the Secretary will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Agreement on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Secretary will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review. Any claim not granted or denied within such time period shall be deemed to have been denied.

8.9 Litigation.

It shall only be necessary to join the Employer as a party in any action or judicial proceeding affecting the Plan. No Participant or Designated Beneficiary or any other person claiming under the Plan shall be entitled to service of process or notice of such action or proceeding, except as may be expressly required by law. Any final judgment in such action or proceeding shall be binding on all Participants, Designated Beneficiaries or persons claiming under the Plan.

ARTICLE IX--AMENDMENT, TERMINATION & REORGANIZATION

9.1 Amendment.

The Employer by action of its Board of Directors, or duly authorized Administrator thereof, in accordance with its by-laws, reserves the right to amend the Plan, by resolution of the Employer, to the extent permitted under the Code and ERISA. However, no amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's (or Designated Beneficiary's) accrued benefit prior to the date of the amendment.

9.2 Amendment Required By Law.

Notwithstanding Section 9.1, the Plan may be amended at any time, if in the opinion of the Employer, such amendment is necessary to ensure the Plan is treated as a nonqualified plan of

deferred compensation under the Code and ERISA, or to bring it into conformance with Treasury or SEC regulations or requirements for such plans. This includes the right to amend this Plan, so that any Trust, if applicable, created in conjunction with this Plan, will be treated as a grantor Trust under Sections 671 through 679 of the Code, and to otherwise conform the Plan provisions and such Trust, if applicable, to the requirements of any applicable law.

9.3 **Termination.**

The Employer intends to continue the Plan indefinitely. However, the Employer by action of its Board of Directors or a duly authorized committee thereof, in accordance with its by-laws, reserves the right to terminate the Plan at any time. However, no such termination shall deprive any participant or Designated Beneficiary of a right accrued under the Plan prior to the date of termination.

9.4 **Consolidation/Merger.**

The Employer shall not enter into any consolidation or merger without the guarantee and assurance of the successor or surviving company or companies to the obligations contained under the Plan. Should such consolidation or merger occur, the term "Employer" as defined and used in this Agreement shall refer to the successor or surviving company.

ARTICLE X--GENERAL PROVISIONS

10.1 **Applicable Law.**

Except insofar as the law has been superseded by Federal law, Pennsylvania law shall govern the construction, validity and administration of this Plan as created by this Agreement. The parties to this Agreement intend that this Plan shall be a nonqualified unfunded plan of deferred compensation without plan assets and any ambiguities in its construction shall be resolved in favor of an interpretation which will effect this intention.

10.2 **Benefits Not Transferable or Assignable.**

A. Benefits under the Plan shall not be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge such benefits shall be void, nor shall any such benefits be in any way liable for or subject to the debts, contracts, liabilities, engagements or torts of any person entitled to them. However, a Participant may name a recipient for any benefits payable or which would become payable to a Participant upon his death. This Section shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, including a qualified domestic relations order under Section 414(p) of the Code. In addition, the following actions shall not be treated or construed as an assignment or alienation: (a) Plan Contribution or distribution tax withholding; (b) recovery of distribution overpayments to a Participant or Designated Beneficiary; (c) direct deposit of a distribution to a Participant's or Designated

Beneficiary's banking institution account; or (d) transfer of Participant rights from one Plan to another Plan, if applicable.

B. The Employer may bring an action for a declaratory judgment if a Participant's, Designated Beneficiary's or any Beneficiary's benefits hereunder are attached by an order from any court. The Employer may seek such declaratory judgment in any court of competent jurisdiction to:

(1) determine the proper recipient or recipients of the benefits to be paid under the Plan;

(2) protect the operation and consequences of the Plan for the Employer and all Participants; and

(3) request any other equitable relief the Employer in its sole and exclusive judgment may feel appropriate.

Benefits which may become payable during the pendency of such an action shall, at the sole discretion of the Employer, either be:

(1) paid into the court as they become payable or

(2) held in the Participant's or Designated Beneficiary's Account subject to the court's final distribution order.

10.3 Not an Employment Contract.

The Plan is not and shall not be deemed to constitute a contract between the Employer and any Employee, or to be a consideration for, or an inducement to, or a condition of, the employment of any Employee. Nothing contained in the Plan shall give or be deemed to give an Employee the right to remain in the employment of the Employer or to interfere with the right to be retained in the employ of the Employer, any legal or equitable right against the Employer, or to interfere with the right of the Employer to discharge any Employee at any time. It is expressly understood by the parties hereto that this Agreement relates to the payment of deferred compensation for the Employee's services, generally payable after separation from employment with the Employer, and is not intended to be an employment contract.

10.4 Notices.

A. Any notices required or permitted hereunder shall be in writing and shall be deemed to be sufficiently given at the time when delivered personally or when mailed by certified or registered first class mail, postage prepaid, addressed to either party hereto as follows:

If to the Employer:

If to the Participant:

At his last known address, as indicated by the records of the Employer.

or to such changed address as such parties may have fixed by notice. However, any notice of change of address shall be effective only upon receipt.

B. Any communication, benefit payment, statement of notice addressed to a Participant or Designated Beneficiary at the last post office address as shown on the Employer's records shall be binding on the Participant or Designated Beneficiary for all purposes of the Plan. The Employer shall not be obligated to search for any Participant or Designated Beneficiary beyond sending a registered letter to such last known address.

10.5 Severability.

The Plan as contained in the provisions of this Agreement constitutes the entire Agreement between the parties. If any provision or provisions of the Plan shall for any reason be invalid or unenforceable, the remaining provisions of the Plan shall be carried into effect, unless the effect thereof would be to materially alter or defeat the purposes of the Plan. All terms of the plan and all discretion granted hereunder shall be uniformly and consistently applied to all the Employees, Participants and Designated Beneficiaries.

10.6 Participant is General Creditor with No Rights to Assets.

A. The payments to the Participant or his Designated Beneficiary or any other beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be a part of the general, unrestricted assets of the Employer, no person shall have any interest in any such assets b y virtue of the provisions of this Agreement. The Employer's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that any person acquires a right to receive payments from the Employer under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Employer; no such person shall have nor require any legal or equitable right, or claim in or to any property or assets of the Employer. The Employer shall not be obligated under any circumstances to fund obligations under this Agreement.

B. The Employer at its sole discretion and exclusive option, may acquire and/or set-aside assets or funds, in a trust or otherwise, to support its financial obligations under this Plan. No such trust established for this purpose shall be established in or transferred to a location that would cause it to be deemed to be an "offshore trust" for purposes of Code Section 409A (b)(1). No such acquisition or set-aside shall impair or derogate from the Employer's direct obligation to a Participant or Designated Beneficiary under this Plan. However, no Participant or Designated Beneficiary shall be entitled to receive duplicate payments of any Accounts provided under the Plan because of the existence of such assets or funds.

C. In the event that, in its discretion, the Employer purchases an asset(s) or insurance policy or policies insuring the life of the Participant to allow the Employer to recover the cost of providing benefits, in whole or in part hereunder, neither the Participant, Designated

Beneficiary nor any other beneficiary shall have any rights whatsoever therein in such assets or in the proceeds therefrom. The Employer shall be the sole owner and beneficiary of any such assets or insurance policy and shall possess and may exercise all incidents of ownership therein. No such asset or policy, policies or other property shall be held in any trust for the Participant or any other person nor as collateral security for any obligation of the Employer hereunder. Nor shall any Participant's participation in the acquisition of such assets or policy or policies be a representation to the Participant, Designated Beneficiary or any other beneficiary of any beneficial interest or ownership in such assets, policy or policies. A Participant may be required to submit to medical examinations, supply such information and to execute such documents as may be required by an insurance carrier or carriers (to whom the Employer may apply from time to time) as a precondition to participate in the Plan.

10.7 No Trust Relationship Created.

Nothing contained in this Agreement shall be deemed to create a trust of any kind or create any fiduciary relationship between the Employer and the Participant, Designated Beneficiary, other beneficiaries of the Participant, or any other person claiming through the Participant. Funds allocated hereunder shall continue for all purposes to be part of the general assets and funds of the Employer and no person other than the Employer shall, by virtue of the provisions of this Plan, have any beneficial interest in such assets and funds. The creation of a grantor Trust (so called "Rabbi Trust") under the Code (owned by and for the benefit of the Employer) to hold such assets or funds for the administrative convenience of the Employer shall not give nor be a representation to a Participant, Designated Beneficiary, or any other person, of a property or beneficial ownership interest in such Trust assets or funds even though the incidental advantages or benefits of the Trust to Plan Participants may be communicated to them.

10.8 Limitations on Liability of the Employer.

Neither the establishment of the Plan nor any modification hereof nor the creation of any Account under the Plan nor the payment of any benefits under the Plan shall be construed as giving to any Participant or any other person any legal or equitable right against the Employer or any Director, officer or Employee thereof except as provided by law or by any Plan provision.

10.9 Agreement Between Employer and Participant Only.

This Agreement is solely between the Employer and Participant. The Participant, Designated Beneficiary, estate or any other person claiming through the Participant, shall only have recourse against the Employer for enforcement of this Agreement. This Agreement shall be binding upon and inure to the benefit of the Employer and its successors and assigns, and the Participant, successors, heirs, executors, administrators and beneficiaries.

10.10 Independence of Benefits.

The benefits payable under this Agreement are for services already rendered and shall be independent of, and in addition to, any other benefits or compensation, whether by salary, bonus, fees or otherwise, payable to the Participant under any compensation and/or benefit arrangements

or plans, incentive cash compensations and stock plans and other retirement or welfare benefit plans, that now exist or may hereafter exist from time to time.

10.11 Unclaimed Property.

Except as may be required by law, the Employer may take any of the following actions if it gives notice to a Participant or Designated Beneficiary of an entitlement to benefits under the Plan, and the Participant or Designated Beneficiary fails to claim such benefit or fails to provide their location to the Employer within three (3) calendar years of such notice:

(1) Direct distribution of such benefits, in such proportions as the Employer may determine, to one or more or all, of a Participant's next of kin, if their location is known to the Employer;

(2) Deem this benefit to be a forfeiture and paid to the Employer if the location of a Participant's next of kin is not known. However, the Employer shall pay the benefit, unadjusted for gains or losses from the date of such forfeiture, to a Participant or Designated Beneficiary who subsequently makes proper claim to the benefit.

The Employer shall not be liable to any person for payment pursuant to applicable state unclaimed property laws.

10.12 Required Tax Withholding and Reporting.

The Employer shall withhold and report Federal, state and local income and payroll tax amounts on all Contributions to and distributions and withdrawals from a Participant's Account as may be required by law from time to time.

CNB FINANCIAL CORPORATION

BY Joseph B Bower Jr

Title EVP and Secretary

CNB FINANCIAL CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
AMENDMENT NO. 1

1. CNB Financial Corporation (the "Employer") adopted the Executive Deferred Compensation Plan effective December 29, 1998 and amended and restated as of January 1, 2005 (the "Plan").

2. Section 9.1 of the Plan permits the Employer to amend the Plan by resolution of the Employer.

3. Employer desires to permit participants to defer up to 75% of base salary effective January 1, 2015.

4. The Plan is amended as follows:

Section 4.1B is amended in its entirety as follows:

> "Each Participant may elect annually to have his Compensation for the Plan Year reduced by a whole percentage of up to (i) 75% of base salary; (ii) 100% of any annual bonuses; and (iii) 100% of any insurance premiums for Participants who are uninsurable under programs under which they otherwise would be covered, by timely filing, and the acceptance by the Employer of, his Deferral Election Form detailing such deferral. The amount of this Participant Deferral shall be deferred into the Plan and credited to the Participant's Account as provided in Article V. The Employer, in its sole discretion, may change the minimum and/or maximum amount of salary, bonus or insurance premiums that may be deferred by giving written notice to all Participants. No such change may affect a deferral election that has become irrevocable prior to the Employer's action.

5. All other provisions of the Plan remain unchanged.

CNB FINANCIAL CORPORATION

By: [signature]

Title: SVP/CFO

Dated: 1-19-15

Exhibit 21

CNB FINANCIAL CORPORATION
Form 10-K For The Year Ended December 31, 2022

SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction of Incorporation or Organization
CNB Bank	Banking Association Chartered in Pennsylvania Incorporated in Pennsylvania
CNB Securities Corporation	Investment Holding Company Incorporated in Delaware
Holiday Financial Services Corporation	Consumer Loan Company Incorporated in Pennsylvania
CNB Insurance Agency	Insurance and Annuity Agency Incorporated in Pennsylvania
CNB Risk Management, Inc.	Captive Insurance Company Incorporated in Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3MEF (No. 333-267435), Form S-3/A (No. 333-236018), Form S-3D (No. 333-163047), and Form S-8 (No. 333-231505) of our report dated March 3, 2023 on our audit of the consolidated financial statements of CNB Financial Corporation (the "Corporation") as of December 31, 2022 and for the year ended December 31, 2022, which report is included in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated March 3, 2023 on our audit of the internal control over financial reporting of the Company as of December 31, 2022, which report is included in this Annual Report on Form 10-K.

/s/ FORVIS, LLP (Formerly, BKD, LLP)

Indianapolis, Indiana
March 3, 2023

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-267435 on Form S-3MEF, Registration Statement No. 333-236018 on Form S-3/A, Registration Statement No. 333-163047 on Form S-3D and Registration Statement No. 333-231505 on Form S-8 of CNB Financial Corporation of our report dated March 3, 2022 relating to the consolidated financial statements.

/s/ Crowe LLP

Columbus, Ohio
March 3, 2023

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael D. Peduzzi, certify that:

1. I have reviewed this Annual Report on Form 10-K of CNB Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2023

/s/ Michael D. Peduzzi

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

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Tito L. Lima, certify that:

1. I have reviewed this Annual Report on Form 10-K of CNB Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2023

/s/ Tito L. Lima

Tito L. Lima
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

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

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael D. Peduzzi, President and Chief Executive Officer of CNB Financial Corporation (the "Corporation"), hereby certify, to my knowledge, that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Michael D. Peduzzi

Michael D. Peduzzi
President and Chief Executive Officer

Date: March 3, 2023

Exhibit 32.2

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tito L. Lima, Executive Vice President, Chief Financial Officer, and Treasurer of CNB Financial Corporation (the "Corporation"), hereby certify, to my knowledge, that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Tito L. Lima
Tito L. Lima
Executive Vice President, Chief Financial Officer, and Treasurer

Dated: March 3, 2023