

CNB BANK SHARES, INC. AND SUBSIDIARY

Interim Condensed Consolidated Balance Sheets

March 31, 2024 and December 31, 2023

<u>ASSETS</u>	March 31, 2024	December 31, 2023
	(In thousands, except share data)	
Cash and due from banks	\$ 17,790	19,757
Interest-earning deposits in other financial institutions	48,545	2,098
Cash and cash equivalents	66,335	21,855
Interest-earning time deposits in other financial institutions	245	245
Investments in available-for-sale debt securities, at fair value	393,052	406,184
Mortgage loans held for sale	628	169
Loans	1,175,034	1,163,467
Less deferred loan fees, net of related costs	(1,730)	(1,780)
Less allowance for credit losses	(13,545)	(13,591)
Net loans	1,159,759	1,148,096
Bank premises and equipment, net	17,810	18,155
Accrued interest receivable	12,755	12,505
Bank-owned life insurance	13,396	13,339
Identifiable intangible assets, net	2,460	2,657
Goodwill	21,416	21,416
Other assets	29,464	28,527
	\$ 1,717,320	1,673,148
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Noninterest-bearing deposits	\$ 276,001	280,418
Interest-bearing deposits	1,177,105	1,128,042
Total deposits	1,453,106	1,408,460
Short-term borrowings	37,045	47,875
Accrued interest payable	5,128	3,585
Federal Home Loan Bank borrowings	68,043	58,927
Notes payable	1,409	1,753
Other liabilities	18,655	18,638
Total liabilities	1,583,386	1,539,238
Commitments and contingencies		
Stockholders' equity:		
Preferred stock and related surplus, \$0.01 par value; 200,000 shares authorized, 9,745 shares issued and outstanding	19,352	19,352
Common stock, \$0.05 par value; 20,000,000 shares authorized; 5,779,659 shares issued; 5,393,082 and 5,392,417 shares outstanding at March 31, 2024 and December 31, 2023, respectively	289	289
Surplus	18,101	18,110
Retained earnings	146,042	143,475
Accumulated other comprehensive loss	(41,872)	(39,351)
Treasury stock at cost – 386,577 and 387,242 shares at March 31, 2024 and December 31, 2023, respectively	(7,978)	(7,965)
Total stockholders' equity	133,934	133,910
	\$ 1,717,320	1,673,148
Book value per common share	\$ 21.25	21.24

CNB BANK SHARES, INC. AND SUBSIDIARY

Interim Condensed Consolidated Statements of Income

Three months ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	(In thousands)	
Interest income:		
Interest and fees on loans	\$ 17,792	13,240
Interest and dividends on debt securities:		
Taxable	1,411	1,576
Exempt from federal income taxes	1,064	1,126
Interest on short-term investments	<u>456</u>	<u>743</u>
Total interest income	<u>20,723</u>	<u>16,685</u>
Interest expense:		
Interest on deposits	7,072	4,527
Interest on short-term borrowings	339	228
Interest on Federal Home Loan Bank borrowings	721	461
Interest on notes payable	<u>16</u>	<u>28</u>
Total interest expense	<u>8,148</u>	<u>5,244</u>
Net interest income	12,575	11,441
Credit loss expense	<u>9</u>	<u>(188)</u>
Net interest income after credit loss expense	<u>12,566</u>	<u>11,629</u>
Noninterest income:		
Service charges on deposit accounts	548	450
Card-based revenue	521	537
Income from fiduciary activities	682	612
Mortgage banking revenues	262	276
Increase in cash surrender value of life insurance policies	57	52
Brokerage commissions	457	405
Gains on sales of available-for-sale debt securities	18	–
Other noninterest income	<u>214</u>	<u>213</u>
Total noninterest income	<u>2,759</u>	<u>2,545</u>
Noninterest expense:		
Salaries and employee benefits	6,523	6,136
Occupancy and equipment expense	1,677	1,537
Legal and professional fees	443	341
Postage, printing, and supplies	187	205
Amortization of intangible assets	226	286
FDIC insurance assessments	276	221
Advertising expense	178	221
Other noninterest expense	<u>1,297</u>	<u>1,514</u>
Total noninterest expense	<u>10,807</u>	<u>10,461</u>
Income before applicable income taxes	4,518	3,713
Applicable income taxes	<u>1,060</u>	<u>802</u>
Net income	\$ <u>3,458</u>	<u>2,911</u>

CNB BANK SHARES, INC. AND SUBSIDIARY

Interim Condensed Consolidated Statements of Comprehensive Income

Three Months ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	(In thousands)	
Net income	\$ <u>3,458</u>	<u>2,911</u>
Other comprehensive income (loss), before tax:		
Market value adjustment for cash flow hedge	(11)	(25)
Net unrealized gains (losses) on available-for-sale debt securities	(3,161)	2,174
Less: reclassification of realized gains included in net income	<u>18</u>	<u>—</u>
Other comprehensive income (loss), before tax	(3,190)	2,149
Income tax related to items of other comprehensive income (loss)	<u>669</u>	<u>450</u>
Total other comprehensive income (loss)	<u>(2,521)</u>	<u>1,699</u>
Total comprehensive income	\$ <u>937</u>	<u>4,610</u>

CNB BANK SHARES, INC. AND SUBSIDIARY

Interim Condensed Consolidated Statements of Stockholders' Equity

Three months ended March 31, 2024 and 2023

(In thousands, except share data)		Preferred stock and <u>related surplus</u>	Common <u>stock</u>	<u>Surplus</u>	Retained <u>earnings</u>	Treasury <u>stock</u>	Accumulated other comprehensive <u>income (loss)</u>	Total stock- holders' <u>equity</u>
Balance at December 31, 2022	\$	19,352	289	18,411	132,606	(7,655)	(44,828)	118,175
Adoption of new accounting standard		—	—	—	(796)	—	—	(796)
Net income		—	—	—	2,911	—	—	2,911
Cash dividends paid – \$0.13 per share		—	—	—	(830)	—	—	(830)
Purchase of 10,340 common shares for treasury		—	—	—	—	(217)	—	(217)
Stock options exercised – 12,840 common shares from treasury		—	—	(59)	—	262	—	203
Stock option expense		—	—	4	—	—	—	4
Market value adjustment for cash flow hedge, net of related tax effect		—	—	—	—	—	(20)	(20)
Unrealized net losses on available-for-sale securities, net of related tax effect		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,719</u>	<u>1,719</u>
Balance at March 31, 2023	\$	<u>19,352</u>	<u>289</u>	<u>18,356</u>	<u>133,891</u>	<u>(7,610)</u>	<u>(43,129)</u>	<u>121,149</u>
Balance at December 31, 2023	\$	19,352	289	18,110	143,475	(7,965)	(39,351)	133,910
Net income		—	—	—	3,458	—	—	3,458
Cash dividends paid – \$0.14 per share		—	—	—	(891)	—	—	(891)
Purchase of 6,960 common shares for treasury		—	—	—	—	(170)	—	(170)
Stock options exercised – 7,625 common shares from treasury		—	—	(11)	—	157	—	146
Stock option expense		—	—	2	—	—	—	2
Market value adjustment for cash flow hedge, net of related tax effect		—	—	—	—	—	(9)	(9)
Unrealized net losses on available-for-sale securities, net of related tax effect		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,512)</u>	<u>(2,512)</u>
Balance at March 31, 2024	\$	<u>19,352</u>	<u>289</u>	<u>18,101</u>	<u>146,042</u>	<u>(7,978)</u>	<u>(41,872)</u>	<u>133,934</u>

CNB BANK SHARES, INC. AND SUBSIDIARY

Interim Condensed Consolidated Statements of Cash Flows

Three months ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 3,458	2,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization on available-for-sale debt securities	938	991
Depreciation and amortization on bank premises and equipment and intangible assets	537	616
Credit loss expense (income)	9	(188)
Net gains on sales of mortgage loans in secondary market	(42)	(54)
Capitalized mortgage servicing rights	(29)	(16)
Net gains on sales of available-for-sale debt securities	(18)	-
Decrease (increase) in accrued interest receivable	(249)	504
Increase in accrued interest payable	1,543	1,789
Mortgage loans originated for sale in secondary market	(3,364)	(1,307)
Proceeds from mortgage loans sold in secondary market	2,947	1,671
Increase in cash surrender value of life insurance policies, net of mortality costs	(57)	(52)
Stock option expense	2	4
Other operating activities, net	<u>96</u>	<u>(1,197)</u>
Net cash provided by operating activities	<u>5,771</u>	<u>5,672</u>
Cash flows from investing activities:		
Proceeds from calls and maturities of and principal payments on available-for-sale debt securities	5,789	7,534
Sales of available-for-sale debt securities	3,244	-
Net increase in loans	(11,701)	(16,136)
Redemption (purchase) of FHLB stock	(240)	352
Purchases of bank premises and equipment	(56)	(209)
Net cash used in investing activities	<u>(2,964)</u>	<u>(8,459)</u>
Cash flows from financing activities:		
Net increase in deposits	44,646	42,729
Net decrease in short-term borrowings	(10,830)	(5,300)
Principal payments made on notes payable	(344)	(331)
Proceeds from Federal Home Loan Bank borrowings	15,200	15,000
Payments of Federal Home Loan Bank borrowings	(6,084)	(45,079)
Cash dividends paid	(891)	(830)
Treasury shares purchased	(170)	(217)
Stock options exercised	<u>146</u>	<u>203</u>
Net cash provided by financing activities	<u>41,673</u>	<u>6,175</u>
Net increase in cash and cash equivalents	44,480	3,388
Cash and cash equivalents at beginning of period	<u>21,855</u>	<u>58,441</u>
Cash and cash equivalents at end of period	\$ <u>66,335</u>	<u>61,829</u>
Supplemental information:		
Cash paid for interest	\$ 6,605	3,455