CNB Bank Shares, Inc.

Elevating the customer experience

TABLE OF CONTENTS

Scan the QR code with your smartphone camera for anywhere access to our investor relations web page containing information on CNB Bank Shares, Inc., stocks and current and past annual reports:
https://www.cnbil.com/about/holding-company/

PRESIDENT'S LETTER

Dear Fellow Stockholders:

For many years, a mantra at CNB has been to "earn repeat business." Of course, to get **repeat** business we have to first recruit new business through our various marketing efforts. Only then can we **earn** repeat business by providing exceptional customer service. When that occurs consistently, across all of our financial products and services, we can expect more new business to come our way through customer referrals. Success through this ongoing process is motivating to our staff.

The year 2024 was our first full year in which we organized with a Chief Experience Officer (CXO) in our management team. Our CEO, Andy Tinberg, promoted Matt Cors to the CXO role late in 2023 with a focus on further developing a culture of exceptional customer service. Basic training on good listening skills, together with a firm understanding of financial product features, results in efficient handling of customer requests. Also during the year, CNB's digital evolution has continued as we select software tools for both backroom operations and customer interface to data.

This Annual Report provides details of the efforts and innovations being employed to **elevate** the customer experience; also provided is a review of year-end financials and accompanying notes. The confidence of our Board and management for continued growth and profitablility remains elevated as well.

Respectfully,

James T. Ashworth, President

MANAGEMENT REPORT

Sales and Service (Andrew E. Tinberg, President & Chief Executive Officer):

In 2024, we navigated continued economic uncertainty and an election cycle. Despite these challenges, both loans and deposits grew. However, rising funding costs outpaced asset yields, leading to margin pressure throughout the year. Loan growth of $126 million helped mitigate the impact of margin compression, with most of the growth coming from our urban and suburban markets, although demand remained strong across all markets.

Throughout the year, we maintained a sharp focus on asset quality, strengthening our processes and procedures within the credit departments to uphold strong credit standards. This was achieved while also enhancing our organizational culture — a culture rooted in compliance, credit quality, and an unwavering commitment to elevating the customer experience. Beyond our core banking services, we celebrated the careers and contributions of several long tenured and esteemed colleagues who retired in 2024, including Diana Tone, Maureen Oswald, Carolyn Boente, Margie Martin, Kelly Dulakis, Susie Montgomery, Marla Wheatley, Judy Behme, Angie Levora, Gordon Rahe, and Mary Ferguson. We were fortunate to have talented individuals ready to step into these roles, ensuring a smooth transition and the continued delivery of exceptional service. Throughout 2024, CNB Bank & Trust, N.A. remained actively engaged with our communities. We participated in initiatives such as the CBAI scholarship promotion and collaborated with key community partners, including Chambers of Commerce, local schools, economic development organizations, hospitals, 4H Foundations, and various charitable endeavors. Our commitment to public relations was reflected in our sponsorship and participation in movie nights, community events, summer concerts, and extensive donations and volunteerism. These efforts continue to strengthen our community relationships and reinforce our brand presence.

Carlinville branch members held a collection of goods to help victims of Hurricane Helene. A total of $1,877.65 worth of supplies were accumulated and sent to North Carolina.

Customer Experience/Corporate Culture (Matt Cors, Senior Vice President, Chief Experience Officer):

As part of our ongoing commitment to enhancing customer experience and strengthening our organizational culture, 2024 marked several key initiatives led by the Chief Experience Officer (CXO). The CXO Roadshow provided an opportunity to engage with Team CNB, discussing the Bank's vision and the vital role each individual plays in achieving that vision. We reviewed strengths, identified areas for improvement, and emphasized the importance of teamwork and culture. In the mortgage space, we initiated enhancements to our mortgage-handling software Mortgagebot. Enhancements included a refreshed front-end application aimed at offering customers greater transparency and convenience, such as displaying mortgage products, pricing, and allowing secure document exchanges within the mortgage application process.

Matt Cors,
Senior Vice President &
Chief Experience Officer

We also launched CNB Insurance Services to expand non-interest income and provide essential financial services to both consumer and business clients. At year end, we contracted to implement remote process automation software provided by our partner, Teslar, to streamline credit administration and exception monitoring. This initiative is part of our ongoing commitment to maintaining asset quality while enhancing the customer experience.

Region 1 (Dave Hurley, Regional President: Carlinville; Hillsboro; Litchfield; Taylorville; Virden)
Region 2 (Tony Heitzig, Regional President: Brighton; Carrollton; Chapin; Jacksonville; Jerseyville; Pittsfield):

Regions 1 and 2 are primarily rural markets with an agricultural base to their economies. Average to above average yields in 2024 were tempered by a continued drop in commodity prices. This resulted in many producers experiencing a drop in working capital and net worth for the first time in a number of years. Farmland values continue to be strong with per-acre sales for productive soil types ranging from $14,000 to more than $20,000.

Region 3 (Dan Walsh, Regional President: Oak Forest; Palos Heights; Tinley Park)
Region 4 (Dan Jung, Regional President: Alton; Clayton, Mo.; Edwardsville/Glen Carbon):

Regions 3 and 4 comprise our urban/suburban markets, a healthy diversification to the rural economies where CNB was traditionally concentrated. Most of our larger non-agriculture business relationships are located here. Our construction lending team has made significant progress in building a strong book of business with area builders resulting in rather substantial loan growth. These two regions accounted for the bulk of loan growth during the year as loans grew in these markets $101 million during the period.

Operations (Deborah McDowell, Chief Operations Officer):

In 2024, Maureen Oswald retired and Deborah McDowell transitioned into the COO role. As a part of a strategic effort to improve excellence and efficiency, the Operations Department at CNB achieved significant milestones in 2024. A number of network upgrades and new system installations were performed focusing on cybersecurity, customer experience and system functionality. Additional backups were added and network redundancy was enhanced. Transaction codes were further expanded to provide additional detail while our customers received access to our new Account Analysis software and our enhanced check fraud solution. With a focus on enhancing the customer experience, we improved our Virtual Assistant capabilities.

These projects collectively contribute to the continuous improvement of our operational capabilities. They position CNB Bank & Trust, N.A. as a forward-thinking institution that adapts to technological advancements, prioritizes the customer experience, and ensures the highest standards of security in an increasingly digital landscape.

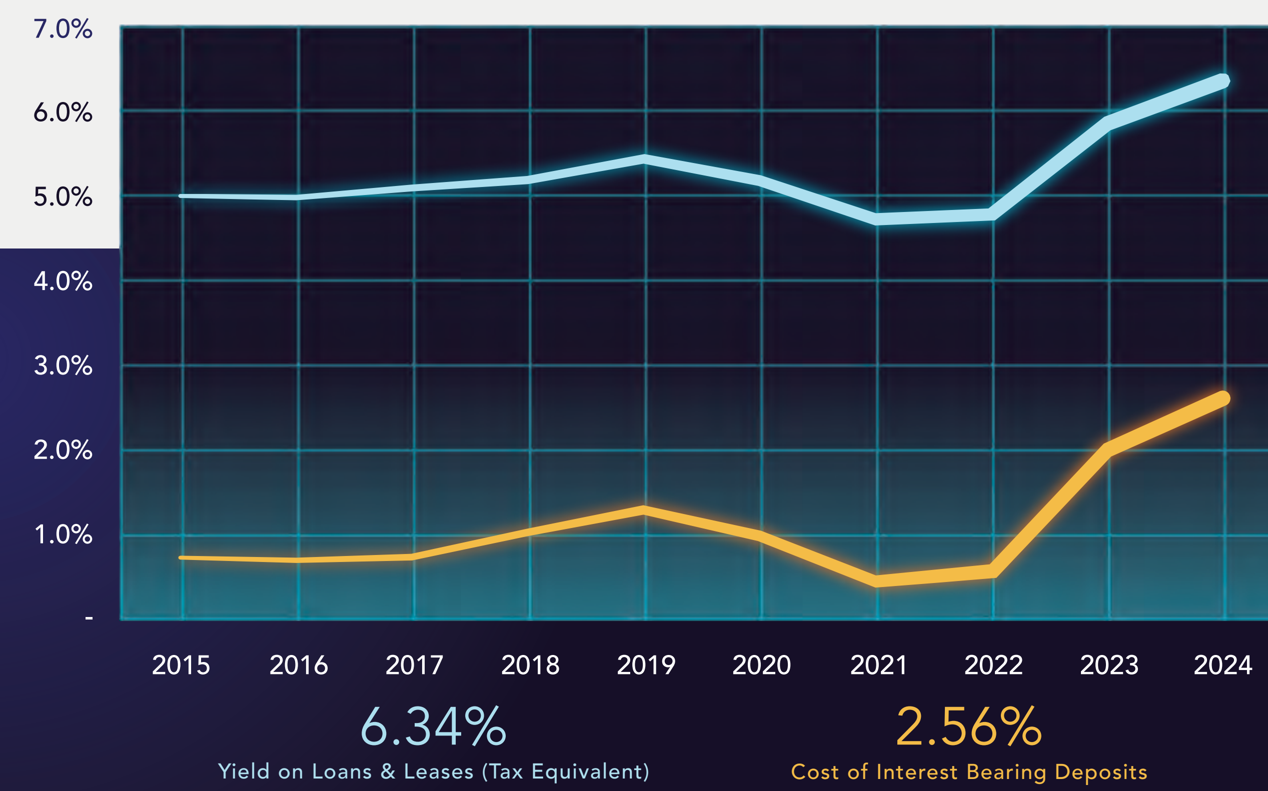
Credit Administration (Chris Williams, Chief Credit Officer):

In the fiscal year 2024, the Credit/Loan Department demonstrated remarkable achievements, contributing significantly to the Bank's overall success. Throughout the year, 2,048 loans were closed, representing $514 million in loan commitments. Nonperforming assets remained in check in 2024. The relentless collection efforts of the credit teams were pivotal in sustaining asset quality, showcasing the department's commitment to sound lending practices and enhanced risk management. As part of the ongoing effort to escalate our risk management strategies, the department organized four external reviews of borrower relationships, encompassing a substantial credit commitment totaling approximately $506 million in outstanding balances, or 48% of the commercial and agricultural loan portfolio. These reviews underscored our dedication to maintaining robust risk assessment procedures and ensuring the integrity of the lending portfolio. Furthermore, the Credit Department collaborated seamlessly with the broader Risk Management group, orchestrating compliance and FDICIA reviews. This collaborative approach reflects the department's commitment to regulatory compliance and fiduciary responsibilities, showcasing a proactive stance in addressing and mitigating potential risks.

Risk Management (Tom DeRobertis, Chief Risk Officer):

Managing and mitigating risk are at the core of who we are as a financial institution. We are dedicated to working with our audit partners, consultants, and regulators to maintain a safe and sound banking operation. Over the years, increased regulations related to Bank Secrecy Act and other regulatory compliance areas have guided the bank to allocate additional resources and heighten our focus in these areas. We remain committed to fostering a culture of compliance and reaffirm our commitment to always pursue safe and sound banking practices.

PRICING MEASURES



Lisa Stambaugh, Vice President & Senior Retail Lending Officer, located at the Jacksonville, W. Morton location offers her expertise of over 24 years while assisting a Bank customer through the loan process.

The Summer of Giving event focused on CNB communities, with community members voting for their favorite local not-for-profit organizations. Organizations included: Macoupin Center for Developmentally Disabled, Salvation Army Food Pantry, Shadow Box, VFW Post #3912, North Mac Public Schools Foundation, Pittsfield Fire Department, Prairieland United Way, CASA of Jersey and Green Counties, Carrollton Hawks Jr. Football League, Brighton Memorial Library District, Alton Renegades Youth Football and Cheerleading, Action for Autism, Faith in Action, Sleep in Heavenly Peace, and P.A.W.S. Tinley Park. The event totaled $17,000 in total donations to local area organizations.

Kim Andras presents Jacksonville Area Convention and Visitors Bureau a check totaling $1,000 as part of the "Summer of Giving" giveaway.

Tom Jelinek, Barb Bergamo, and Shelley Malik present Christmas Without Cancer a check totaling $1,000 as part of the "Summer of Giving" giveaway.

Marketing (Katie Ashworth, Director of Marketing & Communications):

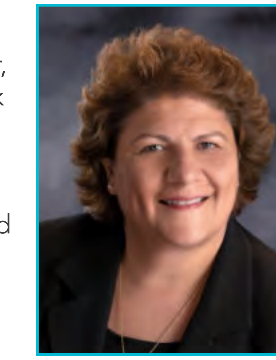
The Marketing Department at CNB Bank & Trust, N.A. achieved significant milestones over the past fiscal year, exemplifying a spirit of collaboration and innovation. In 2024, we successfully launched a refreshed website, providing customers with a modernized interface designed to enhance the digital banking experience. Additionally, we introduced CNB Insurance Services, offering customers access to a variety of insurance carriers directly from their digital devices.

Our marketing initiatives throughout the year were diverse and strategic. Key campaigns included the introduction of a new mobile credit monitoring tool through our partnership with SavvyMoney, enabling customers to manage their credit with ease. We also facilitated online access for business customers to file beneficial ownership records with FINCEN and produced and distributed Financial Insights & Market Recap data from our Wealth Management Group. These efforts not only expanded our product offerings but also underscore our commitment to addressing the evolving needs of our customers.

The Marketing Department at CNB Bank & Trust, N.A. remains steadfast in its commitment to enhancing the customer experience through innovative and personalized service. Every initiative we undertake is guided by a customer-centric approach, ensuring that our products and services align with the evolving needs of the communities we serve. Achievements in the Marketing Department are a testament to the dedication and collaborative spirit of our marketing team, whose collective efforts drive our success.

Wealth Management Group and Trust (Norma Bellcoff, Senior Vice President of Trust):

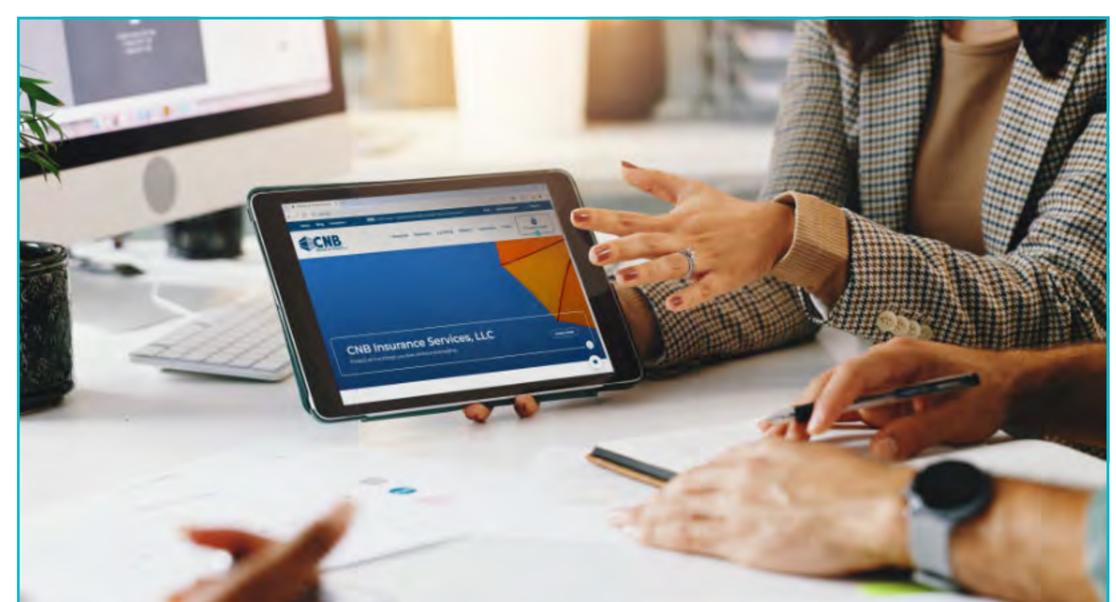
In 2024, the Wealth Management Department experienced key leadership changes and enhancements. Peter Gruben was appointed Chief Investment Officer, and Norma Bellcoff took over as Director of Wealth Management following Darlene Dwyer's transition toward retirement. Rebecca Johnson joined as Trust Officer in Jacksonville while Mary Ferguson, Portfolio Manager and Trust Officer in Jacksonville, retired. The department also implemented ONESOURCE, a tax and accounting platform by Thomson Reuters, to improve tax compliance and reporting. As of year-end, assets under management totaled $435,591,000 across 771 accounts.



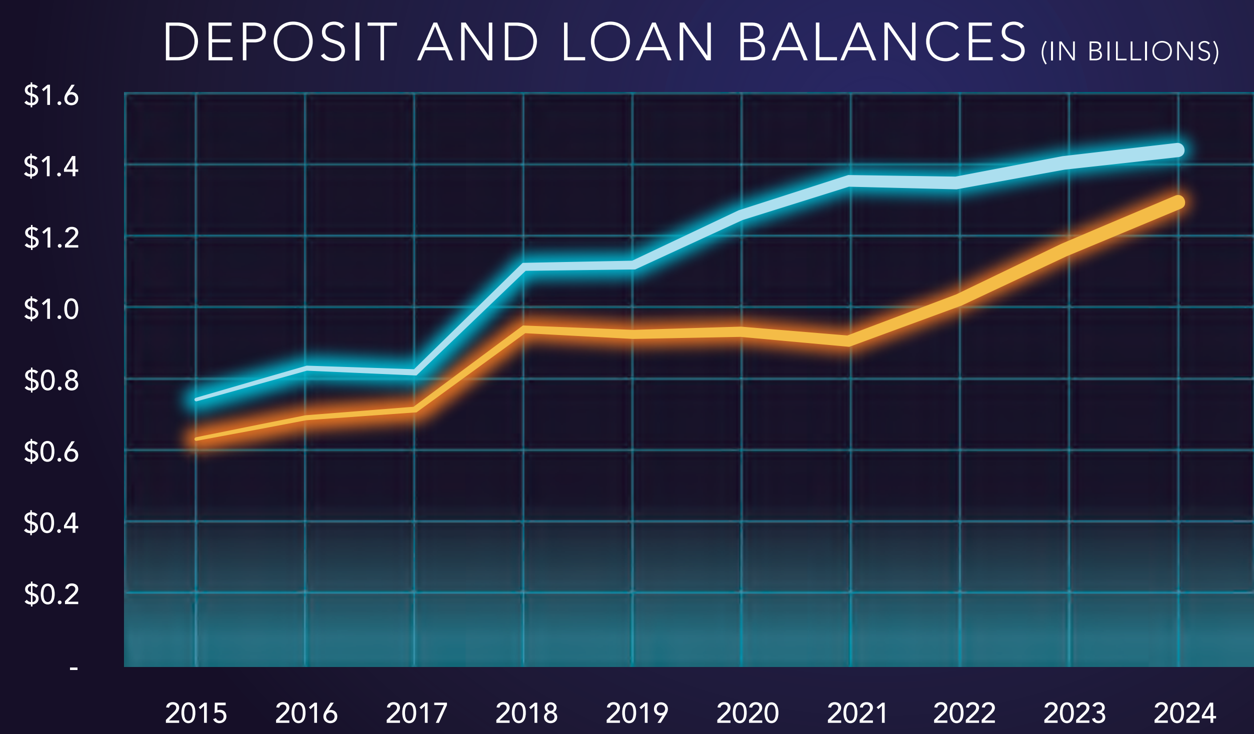
Norma Bellcoff
Vice President & Director of Wealth Management

Human Resources (Lori Schultz, Director of Human Resources):

In 2024, the HR Department implemented several key initiatives aimed at enhancing efficiency and supporting employee growth. We introduced an online annual performance review process to streamline reporting and updated performance metrics to prioritize error reduction and foster a culture of compliance. Performance evaluation standards for deposit account exceptions were established for our Universal Bankers with goals for phased integration. Additionally, we expanded the performance



New offerings by CNB Insurance Services, LLC expand our customer experience by offering coverage on valued personal and business assets items with online access to request personalized quotes.



TOTAL DEPOSITS $1,442,594,000

TOTAL LOANS $1,290,244,000

TOTAL DEPOSITS
AS OF DECEMBER 31, 2024

- Non-Interest-bearing transaction accounts.................. $279,476,000
- Interest-bearing transaction accounts.................. $373,119,000
- Savings.................................... $270,633,000
- Time deposits $519,366,000

TOTAL LOANS
AS OF DECEMBER 31, 2024

COMMERCIAL:
- Real Estate................................ $484,276,000
- Agricultural Production $114,053,000
- Other $157,262,000

REAL ESTATE:
- Construction.............................. $147,036,000
- Residential................................ $152,613,000
- Farmland $214,174,000

- Consumer.................................... $20,830,000

review rating scale, enabling managers to recognize exceptional performance while encouraging continued development. The Retail Deposit reporting structure was reorganized to support the implementation of a unified customer experience strategy across the Bank. To simplify the annual benefits enrollment process, we introduced a passive enrollment option in UKG and completed the integration between UKG and Epic Retirement Plan Services to automate data transfers. We also launched online internal job postings to enhance efficiency in the application process. In training, we replaced OnCourse with BAI for compliance training, providing employees with access to a comprehensive catalog of banking and professional development courses. Finally, the Training Department facilitated the University of Illinois 4-H Money Savvy classes, furthering our commitment to community engagement.

Preparation and Review of Financial Statements (Kayla Mahaffay-Musson, Controller):

As depicted in the Consolidated Balance Sheets presented, 2024 was a year of organic growth for our institution. Assets rose by 5%, loans by 11%, and deposits by 2%. A significant amount of the loan growth was concentrated in construction (27.4%), agricultural production (13.9%), and commercial real estate loans (10.8%). Nonperforming loans to total loans continued to remain low compared to historic levels despite the robust loan growth CNB experienced the last several years. In liabilities, deposit growth was sourced from interest-bearing deposits and, more specifically, time deposits, which increased by 8% from the previous year. With the rate environment elevated, our institution, along with much of the industry, saw depositors continue to seek higher yields for their excess cash resulting in shifts out of lower yielding deposit types into shorter term time deposits. The excess liquidity our institution maintained during the pandemic era has normalized resulting in higher utilization of non-core funding sources, primarily in the form of Federal Home Loan Bank advances. Our institution has, historically, maintained a certain level of non-core funding as a means of funding diversification, and with uncertainty in the rate environment, these advances were kept relatively short-term. Also, our institution continues to pay down term debt, and we expect to pay this in full in early 2025.

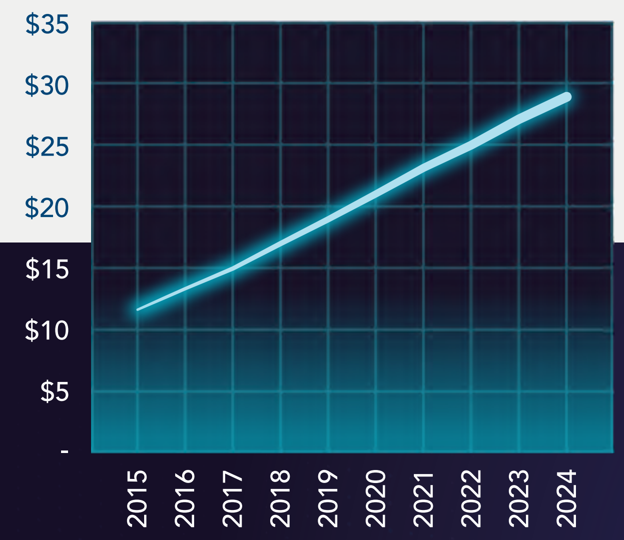
On the Consolidated Statements of Income, net interest income increased by $2.8 million as we reaped the benefit of a higher rate environment coupled with recent years of strong loan growth. The increase in net interest income occurred despite a 41% increase in interest expense from higher time deposit balances and higher rate offerings. Coinciding with loan growth, the provision for credit losses increased by $1.3 million from the previous year. Noninterest income increased by $478k while noninterest expenses increased by $3.7 million driven primarily by an increase in salary expense. This additional salary expense was, in part, related to our transition to the 2024 Equity Incentive Plan approved by stockholders and referenced in the footnotes to the financial statements. The remainder of the expense was predominantly to accommodate staffing needs related to our growth as we remain committed to providing an outstanding customer experience. Also presented in the Consolidated Statements of Income, our institution chose to incur a loss on available-for-sale securities as we executed on a balance sheet repositioning strategy that is expected to improve future investment yields. This left after-tax net income 9% less than the prior year; however, management believes this transaction will better position the institution for the future.

The Consolidated Statements of Stockholders' Equity depict total cash dividends paid to stockholders of $3.6 million, an increase of 8% from the previous year. Accumulated other comprehensive losses on available-for-sale securities remained relatively stable with only a modest decline in values as the yield curve normalized in the second half of 2024. As can be seen in the footnotes to the financial statements, our institution continues to exceed minimum regulatory capital requirements in addition to those required to be considered well-capitalized.

This 2024 Annual Report highlights our steadfast dedication to enhancing the customer experience, sustaining a culture of compliance, maintaining strong asset quality, and actively supporting the well-being of the communities we proudly serve. As a community-focused bank, we understand that our success is deeply tied to the satisfaction of our customers, the hard work and dedication of our team, the strength of our assets, and the vitality of the neighborhoods we call home. Through innovation, diligence, and community engagement, we aim not only to meet but to exceed expectations. We eagerly anticipate another year of growth, collaboration, and positive impact as we continue to elevate customer experiences, uphold asset standards, and foster strong, enduring relationships within our diverse and thriving communities.

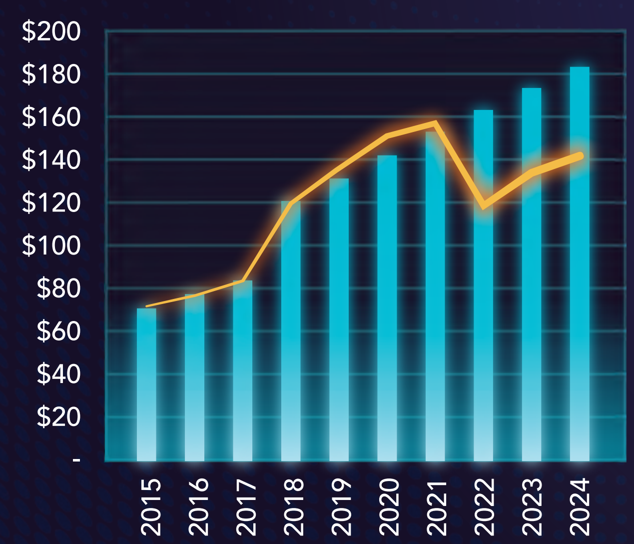
Andrew E. Tinberg
President & CEO
CNB Bank & Trust, N.A.

ADJUSTED BOOK VALUE PER SHARE (IN DOLLARS)



$28.67 per share
Adjusted Book Value

TOTAL STOCKHOLDERS' EQUITY (IN MILLIONS)

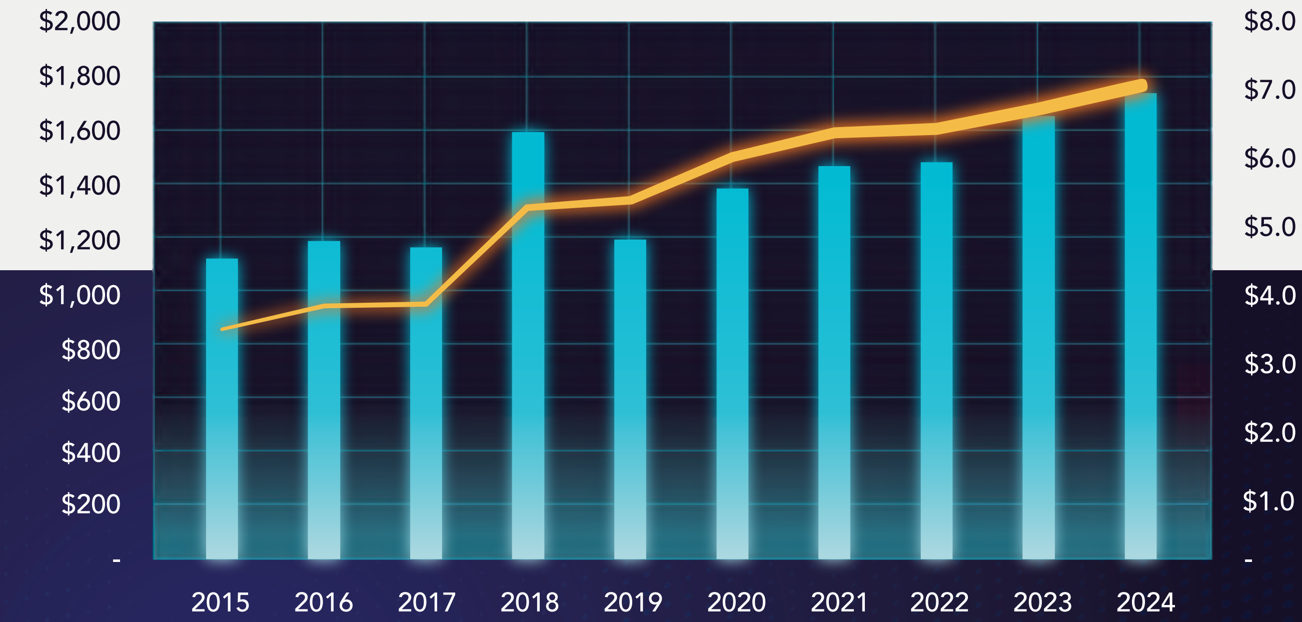


$141.67 million
Total Stockholder Equity

$182.95 million
*Adjusted Stockholder Equity

* Stockholders' equity adjusted by reversing accumulated other comprehensive income. Amounts were also adjusted to consistently reflect the impact of the 20 for 1 stock split in 2017.

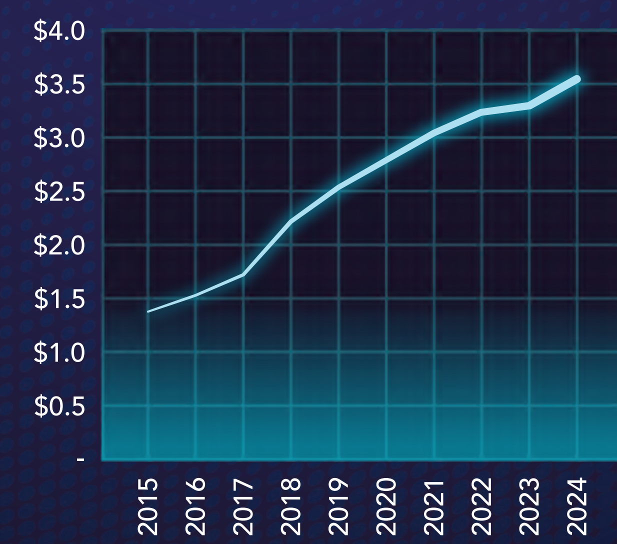
ASSETS PER FTE (IN MILLIONS)



TOTAL ASSETS $1,759,160,000

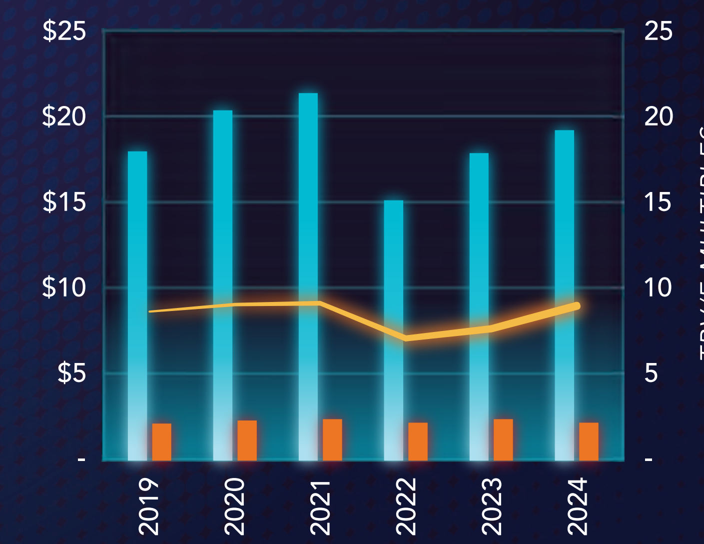
ASSETS PER FTE $6.93 million

DIVIDENDS TO STOCKHOLDERS (IN MILLIONS)



$3.63 million
Dividends to Stockholders

TANGIBLE BOOK VALUE / EARNINGS



$18.53
Tangible Book Value Per Share

$2.14
Diluted Earnings Per Common Share

8.66
TBV/E Multiples

Forvis Mazars, LLP
225 N. Water Street, Suite 400
Decatur, IL 62523
P 217.429.2411 | F 217.429.6109
forvismazars.us

Independent Auditor's Report

Board of Directors
CNB Bank Shares, Inc.
Carlinville, Illinois

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the consolidated financial statements of CNB Bank Shares, Inc. and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of CNB Bank Shares, Inc. and its subsidiary as of December 31, 2024, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Internal Control over Financial Reporting" section of our report. We are required to be independent of CNB Bank Shares, Inc. and its subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Year Audited by Other Auditors

The 2023 financial statements, before they were revised for the matter discussed in Note 1, were audited by other auditors, and their report thereon, dated February 28, 2024, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management also is responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CNB Bank Shares, Inc. and its subsidiary's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the consolidated financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CNB Bank Shares, Inc. and its subsidiary's ability to continue as a going concern for a reasonable period of time.

Board of Directors
CNB Bank Shares, Inc.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the consolidated financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Act (FDICIA), our audit of the internal control of CNB Bank & Trust, N.A. (a wholly-owned subsidiary of CNB Bank Shares, Inc.) included controls over the preparation of CNB Bank Shares, Inc.'s financial statements in accordance with accounting principles generally accepted in the United States of America and controls over the preparation of schedules equivalent to the basic financial statements in accordance with the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (Call Report Instructions).

An entity'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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the entity'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 and correct, misstatements. Also, projections of any assessment 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.

Forvis Mazars, LLP

Decatur, Illinois
February 28, 2025

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2024 and 2023

ASSETS		2024	2023
		(In thousands)	
Cash and due from banks	$	**13,583**	19,757
Interest-earning demand deposits in other financial institutions		**1,644**	2,098
Cash and cash equivalents		**15,227**	21,855
Interest-earning time deposits in other financial institutions		**245**	245
Investments in available-for-sale debt securities		**369,856**	406,184
Mortgage loans held for sale		**188**	169
Loans		**1,290,244**	1,163,467
Less:			
Deferred loan fees, net of related costs		**(1,842)**	(1,780)
Allowance for credit losses		**(14,301)**	(13,591)
Net loans		**1,274,101**	1,148,096
Bank premises and equipment, net		**17,440**	18,155
Accrued interest receivable		**13,787**	12,505
Bank-owned life insurance policies		**13,123**	13,339
Identifiable intangible assets, net of accumulated amortization of $3,041 and $2,573 at December 31, 2024 and 2023, respectively		**2,008**	2,657
Goodwill		**21,416**	21,416
Other assets		**31,769**	28,527
	$	**1,759,160**	1,673,148
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	$	**279,476**	280,418
Interest-bearing		**1,163,118**	1,128,042
Total deposits		**1,442,594**	1,408,460
Short-term borrowings		**42,352**	47,875
Accrued interest payable		**6,897**	3,585
Federal Home Loan Bank borrowings		**105,288**	58,927
Notes payable		**357**	1,753
Other liabilities		**20,007**	18,638
Total liabilities		**1,617,495**	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 and 5,407,033 and 5,392,417 shares outstanding at December 31, 2024 and 2023, respectively		**289**	289
Surplus		**17,604**	18,110
Retained earnings		**153,498**	143,475
Treasury stock, at cost – 372,626 and 387,242 shares at December 31, 2024 and 2023, respectively		**(7,798)**	(7,965)
Accumulated other comprehensive loss		**(41,280)**	(39,351)
Total stockholders' equity		**141,665**	133,910
	$	**1,759,160**	1,673,148

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Income

Years ended December 31, 2024 and 2023

	2024	2023
	(In thousands)	
Interest income:		
Interest and fees on loans	$ **76,359**	62,762
Interest on debt securities:		
Taxable	**5,456**	5,975
Exempt from federal income taxes	**4,137**	4,460
Interest on short-term investments	**2,006**	1,860
Total interest income	**87,958**	75,057
Interest expense:		
Interest on deposits	**29,870**	21,443
Interest on short-term borrowings	**1,361**	1,295
Interest on longer-term Federal Home Loan Bank borrowings	**3,576**	1,889
Interest on notes payable	**44**	96
Total interest expense	**34,851**	24,723
Net interest income	**53,107**	50,334
Provision for credit losses	**1,987**	642
Net interest income after provision for possible credit losses	**51,120**	49,692
Noninterest income:		
Service charges on deposit accounts	**2,272**	2,105
Card-based revenue	**2,210**	2,223
Income from fiduciary activities	**2,895**	2,709
Mortgage banking revenues	**1,294**	1,192
Increase in cash surrender value of life insurance policies	**228**	221
Gain on sale of other real estate	**34**	–
Brokerage commissions	**1,835**	1,664
Gains (losses) on sales of available-for-sale securities	**(465)**	–
Other noninterest income	**1,302**	1,013
Total noninterest income	**11,605**	11,127
Noninterest expense:		
Salaries and employee benefits	**27,226**	24,602
Occupancy and equipment expense	**6,818**	6,121
Legal and professional fees	**2,040**	1,201
Postage, printing, and supplies	**725**	699
Amortization of intangible assets	**845**	1,050
Advertising expense	**790**	883
FDIC insurance assessments	**1,252**	1,059
Other noninterest expense	**5,215**	5,588
Total noninterest expense	**44,911**	41,203
Income before applicable income taxes	**17,814**	19,616
Applicable income tax expense	**4,158**	4,574
Net income	$ **13,656**	15,042
Per common share data:		
Basic earnings per share	**2.43**	2.69
Diluted earnings per share	**2.14**	2.34
Weighted average common shares outstanding	**5,398,145**	5,395,951
Weighted average diluted common shares outstanding	**6,387,573**	6,420,972

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years ended December 31, 2024 and 2023

	2024	2023
	(In thousands)	
Net income	$ **13,656**	15,042
Other comprehensive income before tax:		
Market value adjustment for cash flow hedge	**(37)**	(69)
Net unrealized gains (losses) on available-for-sale securities	**(2,869)**	7,001
Less: reclassification of realized losses included in net income	**(465)**	–
Other comprehensive income before tax	**2,441**	6,932
Income tax related to items of other comprehensive income	**512**	1,455
Total other comprehensive income, net of tax	**1,929**	5,477
Total comprehensive income	$ **15,585**	20,519

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2024 and 2023

(In thousands, except share data)	Preferred stock and related surplus	Common stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total stock-holders' equity
Balance at January 1, 2023	$ 19,352	289	18,411	132,606	(7,655)	(44,828)	118,175
Adoption of new accounting standard	–	–	–	(796)	–	–	(796)
Net income	–	–	–	15,042	–	–	15,042
Compensation expense recorded for stock options granted	–	–	14	–	–	–	14
Cash dividends paid – $0.53 per share	–	–	–	(3,377)	–	–	(3,377)
Purchase of 68,315 common shares for treasury	–	–	–	–	(1,463)	–	(1,463)
Stock options exercised – 56,320 common shares from treasury	–	–	(315)	–	1,153	–	838
Unrealized net holding losses on available-for-sale securities, net of related tax effect	–	–	–	–	–	5,531	5,531
Market value adjustment for cash flow hedge, net of related tax effect	–	–	–	–	–	(54)	(54)
Balance at December 31, 2023	19,352	289	18,110	143,475	(7,965)	(39,351)	133,910
Net income	**–**	**–**	**–**	**13,656**	**–**	**–**	**13,656**
Stock-based compensation expense	**–**	–	**39**	–	–	–	**39**
Cash dividends paid – $0.57 per share	**–**	**–**	**–**	**(3,633)**	**–**	**–**	**(3,633)**
Purchase of 47,871 common shares for treasury	**–**	**–**	**–**	**–**	**(1,133)**	**–**	**(1,133)**
Stock-based compensation– 62,487 common shares from treasury	**–**	**–**	**(545)**	**–**	**1,300**	**–**	**755**
Unrealized net holding losses on available-for-sale securities, net of related tax effect	**–**	**–**	**–**	**–**	**–**	**(1,899)**	**(1,899)**
Market value adjustment for cash flow hedge, net of related tax effect	**–**	**–**	**–**	**–**	**–**	**(30)**	**(30)**
Balance at December 31, 2024	**$ 19,352**	**289**	**17,604**	**153,498**	**(7,798)**	**(41,280)**	**141,665**

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023

	2024	2023
	(In thousands)	
Cash flows from operating activities:		
Net income	**$ 13,656**	15,042
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization on available-for-sale debt securities	**3,717**	3,988
Depreciation and amortization on bank premises and equipment and intangible assets	**2,082**	2,313
Provision for credit losses	**1,987**	642
Net cash gains on sale of mortgage loans in secondary market	**(352)**	(303)
Capitalized mortgage servicing rights	**(195)**	(92)
Net gains on sales of other real estate owned	**(34)**	–
Net losses on sale of available-for-sale debt securities	**465**	–
Deferred income tax benefit	**(605)**	(627)
Stock option expense	**39**	14
Increase in accrued interest receivable	**(1,282)**	(2,325)
Increase in accrued interest payable	**3,312**	2,487
Mortgage loans originated for sale in secondary market	**(19,532)**	(9,049)
Proceeds from mortgage loans sold in secondary market	**19,864**	9,493
Increase in cash surrender value of life insurance policies, net of mortality costs	**(228)**	(221)
Decrease in other assets	**281**	–
Increase in other liabilities	**1,325**	–
Other operating activities, net	**–**	651
Net cash provided by operating activities	**24,508**	22,013
Cash flows from investing activities:		
Proceeds from calls and maturities of and principal payments on available-for-sale debt securities	**21,567**	34,889
Purchases of available-for-sale debt securities	**(16,610)**	–
Purchases of time deposits in other financial institutions	**–**	(245)
Net (purchase) redemption of Federal Home Loan Bank stock	**(1,926)**	353
Net increase in loans	**(128,122)**	(142,399)
Purchases of bank premises and equipment	**(884)**	(1,483)
Proceeds from sale of available-for-sale debt securities	**24,785**	–
Proceeds from BOLI maturities	**445**	–
Proceeds from sale of other real estate owned	**44**	–
Net cash used in investing activities	**(100,701)**	(108,885)
Cash flows from financing activities:		
Net increase in deposits	**34,134**	56,161
Net (decrease) increase in short-term borrowings	**(5,523)**	12,795
Principal payments on notes payable	**(1,396)**	(1,345)
Proceeds from Federal Home Loan Bank borrowings	**63,700**	32,000
Payments of Federal Home Loan Bank borrowings	**(17,339)**	(45,323)
Stock options exercised	**755**	838
Purchase of treasury stock	**(1,133)**	(1,463)
Dividends paid	**(3,633)**	(3,377)
Net cash provided by financing activities	**69,565**	50,286
Net decrease in cash and cash equivalents	**(6,628)**	(36,586)
Cash and cash equivalents at beginning of year	**21,855**	58,441
Cash and cash equivalents at end of year	**$ 15,227**	21,855

See accompanying notes to consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CNB Bank Shares, Inc. (the Company) provides a full range of banking services to individual and corporate customers throughout south-central Illinois, suburban southwestern Chicago, and the St. Louis metropolitan area, through its wholly owned subsidiary bank, CNB Bank & Trust, N.A. (the Bank). In addition, CNB Insurance Services, LLC, a subsidiary of CNB Bank & Trust, N.A., provides insurance services to the customers of the geographic areas in which the Bank operates. The Company and Bank are subject to competition from other financial and nonfinancial institutions providing financial products throughout the Company's market areas. Additionally, the Company and Bank are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The accounting and reporting policies of the Company and Bank conform to generally accepted accounting principles within the financial services industry. In compiling the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are particularly susceptible to change in a short period of time include the determination of the allowance for credit losses; valuation of other real estate owned and stock options; and determination of possible impairment of intangible assets. Actual results could differ from those estimates.

Following is a description of the more significant of the Company's accounting policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The Company and Bank utilize the accrual basis of accounting, which includes in the total of net income all revenues earned and expenses incurred regardless of when actual cash payments are received or paid. The Company is also required to report comprehensive income of which net income is a component. Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. This includes all changes in equity during a period, except those resulting from investments and distributions by and to owners and cumulative effects of any changes in accounting principles. The components of accumulated other comprehensive loss are as follows at December 31, 2024 and 2023 (in thousands):

		2024	2023
Net unrealized losses on available-for-sale securities	$	**(52,255)**	(49,851)
Market value adjustment for cash flow hedge		**2**	39
Deferred tax effect		**10,974**	10,461
	$	**(41,280)**	(39,351)

Cash Flow Information

For purposes of the consolidated statements of cash flows, cash equivalents include cash and due from banks and interest-earning deposits in other financial institutions (all of which are payable upon demand). Certain balances maintained in other financial institutions generally exceed the level of deposits insured by the Federal Deposit Insurance Corporation (FDIC). Following is certain supplemental information relating to the Company's consolidated statements of cash flows for the years ended December 31, 2024 and 2023 (in thousands):

		2024	2023
Cash paid for:			
Interest	$	**31,539**	22,236
Income taxes		**4,465**	3,627
Noncash transactions:			
Transfers to other real estate owned in settlement of loans		**174**	10
New lease standard right-of-use asset		**336**	–
New lease standard liability		**336**	–
Issuance of treasury stock for vested stock awards		**602**	504

Allowance for Credit Losses

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Recoveries will be recognized up to the aggregate amount of previously charged off balances. The allowance for credit losses is established through a provision for credit loss expense charged to income.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost net of the allowance for credit losses. Amortized cost is the principal balance outstanding, net of deferred loan fees and costs. Accrued interest receivable on loans totaled $11,560,000 at December 31, 2024 and $9,865,000 at December 31, 2023. It was reported in accrued interest receivable on the consolidated balance sheet 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.

The methodology influences, and is influenced by, the Company's overall credit risk management processes. The allowance is managed in accordance with GAAP to provide an adequate allowance for credit losses that is reflective of management's best estimate of what is expected to be collected. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis.

The Company has chosen to use the Weighted Average Remaining Maturity (WARM) method, which is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the amortized cost basis. Adjustments are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions such as changes in unemployment rates, property values, and other relevant factors. The calculation forecasts expected credit losses for two years before reverting to historical credit loss information. Ongoing impacts of the current expected credit loss (CECL) model will be dependent upon changes in economic conditions and forecasts, loan portfolio composition, credit performance trends, portfolio duration, and other factors.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance credit exposures is adjusted through credit loss expense. 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. The allowance for credit losses on off-balance sheet credit exposures equaled $553,000 at December 31, 2024 and $509,000 at December 31, 2023 and is reported in other liabilities on the consolidated balance sheet.

Allowance for Credit Losses on Available-for-Sale Securities

For available-for-sale debt securities in an unrealized loss position, the Company 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 available-for-sale that do not meet the aforementioned criteria, the Company 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 to 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 credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on available-for sale securities totaled $2,227,000 and $2,640,000 at December 31, 2024 and 2023, respectively, and is excluded from the estimate of credit losses.

Investments in Debt Securities

The Company classifies its debt securities into one of three categories at the time of purchase: trading, available-for-sale, or held-to-maturity. Trading securities would be bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All other debt securities not included in trading or held-to-maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities (for which no securities were so designated at December 31, 2024 and 2023) would be recorded at amortized cost, adjusted for the amortization of premiums or accretion of discounts. Holding gains and losses on trading securities (for which no securities were so designated at December 31, 2024 and 2023) would be included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a component of other comprehensive income in stockholders' equity until realized. Transfers of securities between categories would be recorded at fair value at the date of transfer. Unrealized holding gains and losses would be recognized in earnings for any transfers into the trading category.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Amortization of premiums and accretion of

discounts for mortgage-backed securities are recognized as interest income using the interest method, which considers the timing and amount of prepayments of the underlying mortgages in estimating future cash flows for individual mortgage-backed securities. For other debt securities, premiums and discounts are amortized or accreted over the lives of the respective securities, with consideration of historical and estimated prepayment rates, as an adjustment to yield using the interest method. Interest income is recognized when earned. Realized gains and losses from the sale of any securities classified as available-for-sale are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

Interest-Earning Time Deposits

Interest-earning time deposits in other financial institutions are recorded at cost and mature in 2025.

Loans

Interest on loans is credited to income based on the principal amount outstanding. Loans are considered delinquent whenever interest and/or principal payments have not been received when due. The recognition of interest income is generally discontinued when a loan becomes 90 days delinquent or when, in management's judgment, the interest is not collectible in the normal course of business. Subsequent payments received on such loans are applied to principal if any doubt exists as to the collectibility of such principal; otherwise, such receipts are recorded as interest income. Loans are returned to accrual status when management believes full collectibility of principal and interest is expected. The Bank considers a loan impaired when all amounts due, both principal and interest, will not be collected in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. When measuring impairment for such loans, the expected future cash flows of an impaired loan are discounted at the loan's effective interest rate. Alternatively, impairment is measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan; however, the Company measures impairment based on the fair value of the collateral, using observable market prices, if foreclosure is probable. Loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to interest income over the lives of the related loans using the interest method.

Bank Premises and Equipment

Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization of premises and equipment is computed over the expected lives of the assets or related lease term for leasehold improvements using the straight-line method. Estimated useful lives are generally 39 years for premises and 3 to 15 years for building and leasehold improvements, furniture, fixtures, and equipment. Expenditures for major renewals and improvements of bank premises and equipment are capitalized (including related interest costs), and those for maintenance and repairs are expensed as incurred.

Bank premises and equipment and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In such situations, recoverability of assets to be held and used would be measured by a comparison of the carrying amount of the assets to future net cash flows expected to be generated by the assets. If such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets, using observable market prices. Assets to be disposed are reported at the lower of the carrying amount or fair value, less estimated selling costs.

Leases

Leases are classified as operating or financing leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal. The Company does not record leases on the consolidated balance sheet that are classified as short-term.

At lease inception, the Company determines the lease term by considering the minimum lease term and all optional renewal periods that the Company is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Company's leases do not contain residual value guarantees or material variable lease payments that would impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense and variable lease expense are included in occupancy and equipment expense on the Company's consolidated statements of income. The Company's variable lease expense includes rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurances, and other costs associated with the lease.

Other Real Estate Owned

Other real estate owned, included in other assets on the balance sheet, represents property acquired through foreclosure, or deeded to the Bank in lieu of foreclosure, for loans on which the borrowers have defaulted as to payment of principal and interest. Properties acquired are initially recorded at the lower of the Bank's carrying amount or fair value using observable market prices (less estimated selling costs) and carried in other assets in the consolidated balance sheets. Other real estate owned, which consisted of commercial real estate and residential real estate properties at December 31, 2024 and solely residential real estate properties at December 31, 2023, totaled $174,000 and $10,000, respectively. Valuations are periodically performed by management, and an allowance for losses is established by means of a charge to noninterest expense if the carrying value of a property exceeds its fair value, less estimated selling costs. Subsequent increases in the fair value less estimated selling costs are recorded through a reversal of the allowance but not below zero. Costs related to development and improvements of property are capitalized while costs relating to holding the property are expensed. The Bank had no residential real estate loans in process of foreclosure at December 31, 2024 or 2023.

Intangible Assets and Goodwill

Identifiable intangible assets include the mortgage servicing rights described below under "Mortgage Banking Operations" and core deposit premiums relating to the Company's various bank acquisitions, which are being amortized into noninterest expense on straight-line and accelerated basis over periods ranging from 10 to 15 years. Amortization expense in 2024 and 2023 was $468,000. Future amortization of the core deposit intangible assets existing at December 31, 2024 will be $468,000 in 2025, $468,000 in 2026, $468,000 in 2027, and $233,000 in 2028. See Note 1, mortgage banking operations, for detail on future amortization of the mortgage servicing rights.

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

The excess of the Company's consideration given in each subsidiary acquisition transaction over the fair value of the net assets acquired is recorded as goodwill, an intangible asset on the consolidated balance sheets. Goodwill is the Company's only intangible asset with an indefinite useful life, and the Company is required to test the intangible asset for impairment on an annual basis. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. No impairment write-downs were required in 2024 or 2023.

Federal Home Loan Bank and Federal Reserve Bank Stock

Included in other assets are the Bank's investments in the common stock of the Federal Home Loan Bank of Chicago, which is administered by the Federal Housing Finance Board, and Federal Reserve Bank stock. As a member of the Federal Home Loan Bank system, the Bank is required to maintain a minimum investment in the capital stock of the Federal Home Loan Bank of Chicago. National banks are also required to maintain stock in the Federal Reserve Bank. The Federal Home Loan Bank and Federal Reserve Bank stock is recorded at cost, which represents redemption value. At December 31, 2024 and 2023, the carrying amount of this investment was $5,799,000 and $3,873,000, respectively.

Securities Sold Under Repurchase Agreements

The Bank enters into sales of securities under agreements to repurchase at specified future dates. Such repurchase agreements are considered financing arrangements and, accordingly, the obligation to repurchase assets sold is reflected as a liability in the consolidated balance sheets. Repurchase agreements are collateralized by debt securities, which are under the control of the Bank.

Income Taxes

The Company and Bank file consolidated federal and state income tax returns. Applicable income taxes are computed based on reported income and expenses adjusted for permanent differences between reported and taxable income. Penalties and interest assessed by income taxing authorities are included in income tax expense in the year assessed, unless such amounts relate to an uncertain tax position. The Company had no uncertain tax positions at December 31, 2024 and 2023.

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period which includes the enactment date.

The Company's consolidated federal and state income tax returns are generally subject to examination by the Internal Revenue Service and State of Illinois for three years after they are filed.

Mortgage Banking Operations

The Bank's mortgage banking operations include the origination of long-term, fixed-rate residential mortgage loans for sale in the secondary market. Upon receipt of an application for a residential real estate loan, the Bank generally locks in an interest rate with the applicable investor and, at the same time, locks in an interest rate with the customer. This practice minimizes the exposure to risk resulting from interest rate fluctuations. Upon disbursement of the loan proceeds to the customer, the loan is delivered to the applicable investor. Sales proceeds are generally received shortly thereafter. Therefore, no loans held for sale are included in the Bank's loan portfolio at any point in time, except those loans for which the sale proceeds have not yet been received. Such loans are maintained at the lower of cost or fair value based on the outstanding commitment from the applicable investors for such loans.

Loan origination fees are recognized upon the sale of the related loans and included in the consolidated statements of income as noninterest income from mortgage banking operations. Additionally, loan administration fees, representing income earned from servicing certain loans sold in the secondary market, are calculated on the outstanding principal balances of the loans serviced and recorded as noninterest income as earned.

For certain loans sold in the secondary market, the Bank retains the rights to service such loans. Accordingly, the Bank has recognized as separate assets the rights to service mortgage loans for others at the origination date of the loan. These capitalized mortgage servicing rights are included as identifiable intangible assets in the consolidated financial statements and are reviewed on a quarterly basis for impairment based on the estimated fair value of those rights. The value of mortgage servicing rights is determined based on the present value of estimated future cash flows using assumptions as to a current market discount rate, prepayment speeds, and servicing costs per loan. Mortgage servicing rights are amortized in proportion to, and over the period of, estimated net servicing income.

At December 31, 2024 and 2023, the Bank had unpaid principal balances of mortgage loans serviced for others totaling $284,696,000 and $297,990,000, respectively. The mortgage servicing right asset is included in identifiable intangible assets on the balance sheet. The following summarizes the mortgage servicing rights activity using the amortization method:

Mortgage servicing rights		2024	2023
Balance, beginning of year	$	552	1,043
Additions		196	91
Amortization		(377)	(582)
Balance, end of year	$	371	552
Fair value disclosures			
Fair value as of the beginning of the period	$	3,397	3,219
Fair value as of the end of the period	$	3,132	3,397

Future amortization of mortgage servicing rights existing at December 31, 2024 will be $212,000 in 2025, $93,000 in 2026, $43,000 in 2027, $19,000 in 2028, and $4,000 in 2029. No valuation reserve was required on the mortgage servicing rights at December 31, 2024 and 2023.

Financial Instruments

For purposes of information included in note 16 regarding disclosures about financial instruments, financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract that both (a) imposes on one entity a contractual obligation to deliver cash or another financial instrument to a second entity or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (b) conveys to that second entity a contractual right to receive cash or another financial instrument from the first entity or to exchange other financial instruments on potentially favorable terms with the first entity.

Stock Options

Compensation costs relating to share-based payment transactions are recognized in the Company's consolidated financial statements over the period of service to which such compensation relates (generally the vesting period) and are measured based on the fair value of the equity or liability instruments issued. The grant date values of employee share options are estimated using option-pricing models adjusted for the

unique characteristics of those instruments. If an equity award is modified after the grant date, incremental compensation cost would be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

Treasury Stock

Treasury stock is stated at cost. Cost is determined using an average cost methodology.

Derivative Instruments and Hedging Activities

The Company uses derivative instruments to assist in the management of interest rate sensitivity and to modify the repricing, maturity, and option characteristics of certain assets and liabilities. The only derivative instruments used by the Company are interest rate swaps. Derivative instruments are required to be measured at fair value and recognized as either assets or liabilities in the consolidated financial statements. Fair value represents the payment the Company would receive or pay if the item were sold or bought in a current transaction. Fair values are generally based on market quotes. The accounting for changes in fair value (gains or losses) of a hedged item is dependent on whether the related derivative is designated and qualifies for "hedge accounting." The Company assigns derivatives to one of three categories at the purchase date: fair value hedge, cash flow hedge, or nondesignated derivatives. An assessment is then made of the expected and ongoing hedge effectiveness of any derivative designated as a fair value hedge or cash flow hedge. Derivatives are included in other assets and other liabilities in the consolidated balance sheets.

The following is a summary of the Company's accounting policies for derivative financial instruments and hedging activities:

Fair Value Hedges

For derivatives designated as fair value hedges, the fair value of the derivative instrument and related hedged item would be recognized through the related interest income or expense, as applicable, except for the ineffective portion, which would be recorded in noninterest income or expense. All changes in fair value would be measured on a monthly basis. The swap agreement would be accounted for on an accrual basis, with the net interest differential being recognized as an adjustment to interest income or interest expense of the related asset or liability. The Company had no fair value hedge instruments at December 31, 2024 or 2023.

Cash Flow Hedges

Derivatives designated as cash flow hedges are accounted for at fair value. The effective portion of the change in fair value is recorded as a component of other comprehensive income in stockholders' equity. Amounts recorded in other comprehensive income are subsequently reclassified into interest income or expense when the underlying transaction affects earnings. The ineffective portion of the change in fair value is recorded in noninterest income or expense. The swap agreements are accounted for on an accrual basis, with the net interest differential being recognized as an adjustment to interest income or interest expense of the related asset or liability. The Company classified all of its interest rate swaps at December 31, 2024 and 2023 as cash flow hedges.

Nondesignated Derivatives

Certain economic hedges are not designated as cash flow or fair value hedges for accounting purposes. These nondesignated derivatives do not meet the criteria for hedge accounting treatment. Changes in the fair value of these instruments would be recorded in interest income or expense at the end of each reporting period. The Company had no nondesignated derivatives at December 31, 2024 or 2023.

Fair Value Measurements

The Company uses fair value measurements to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including market, income, and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. Financial assets and liabilities carried or reported at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or value assigned to such assets or liabilities.

While certain assets and liabilities may be recorded at the lower of cost or fair value as described above on a nonrecurring basis (e.g., impaired loans, loans held for sale, other real estate owned), the only assets or liabilities recorded at fair value on a recurring basis are the Company's investments in available-for-sale debt securities and derivative instruments. The derivative instruments are valued using Level 1 valuation inputs. The Company's available-for-sale debt securities are measured at fair value using Level 2 valuation inputs. For the securities valued using Level 2 inputs, the market valuation utilizes several sources which include observable inputs rather than "significant unobservable inputs" and, therefore, fall into the Level 2 category, and are based on dealer quotes, market spreads, the U.S. Treasury yield curve, trade execution data, market consensus, prepayment speeds, credit information, and the bonds' terms and conditions at the security level.

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023 (in thousands):

	December 31, 2024			
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value**
Assets:				
Investments in available-for-sale debt securities:				
Obligations of U.S. government agencies and corporations	**$ –**	**12,168**	**–**	**12,168**
Obligations of states and political subdivisions	**–**	**225,701**	**–**	**225,701**
Mortgage-backed securities	**–**	**131,987**	**–**	**131,987**
Total available-for-sale debt securities	**–**	**369,856**	**–**	**369,856**
Derivative financial instruments	**$ 2**	**–**	**–**	**2**

	December 31, 2023			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Assets:				
Investments in available-for-sale debt securities:				
Obligations of U.S. government agencies and corporations	$ –	14,215	–	14,215
Obligations of states and political subdivisions	–	256,249	–	256,249
Mortgage-backed securities	–	135,720	–	135,720
Total available-for-sale debt securities	–	406,184	–	406,184
Derivative financial instruments	$ 39	–	–	39

Collateral dependent impaired loans are those loans for which it is probable that the principal and interest due on the loan will not be collected according to the contractual terms. Once a loan is deemed collateral dependent, an independent appraisal is obtained. The fair value of these loans is based on the appraised fair value of the collateral less estimated costs to sell and is a nonrecurring measurement. Collateral dependent impaired loans are classified within Level 3 of the fair value hierarchy. Management establishes a specific reserve for loans with an estimated fair value below the carrying value.

Foreclosed assets held for sale acquired through loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Due to the subjective nature of establishing the fair value when the asset is acquired, the actual fair value of the other real estate owned or foreclosed asset could differ from the original estimate and are classified within Level 3 of the fair value hierarchy.

The following tables summarize the Company's assets and liabilities measured at fair value on a nonrecurring basis as of December 31, 2024 and 2023 (in thousands):

	December 31, 2024			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Collateral-dependent loans	$ –	–	3,616	3,616
Foreclosed assets held for sale	–	–	174	174

	December 31, 2023			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Collateral-dependent loans	$ –	–	1,156	1,156
Foreclosed assets held for sale	–	–	–	–

The following table presents quantitative information about unobservable inputs used in Level 3 fair value measurements.

	Fair Value at 12/31/24	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans	$ 3,616	Market comparable properties	Marketability discount	15%-25% (18%)
Foreclosed assets held for sale	174	Market comparable properties	Comparability adjustments (%)	Not available

	Fair Value at 12/31/23	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent loans	$ 1,156	Market comparable properties	Marketability discount	15%-25% (18%)
Foreclosed assets held for sale	–	Market comparable properties	Comparability adjustments (%)	Not available

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

The following tables present estimated fair values of the Company's financial instruments at December 31, 2024 and 2023 (in thousands):

	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Year Ended December 31, 2024					
Financial assets					
Cash and cash equivalents	$ 15,227	15,227	15,227	–	–
Interest-earnings time deposits in other financial institutions	245	245	–	–	245
Investments in available-for-sale debt securities	369,856	369,856	–	369,856	–
Mortgage loans held for sale	188	188	–	188	–
Loans net of allowance for credit losses	1,274,101	1,216,614	–	–	1,216,614
Accrued interest receivable	13,787	13,787	–	13,787	–
FHLB Stock	4,885	4,885	–	4,885	–
Federal Reserve Bank Stock	914	914	–	914	–
Financial liabilities					
Deposits	$ 1,442,594	1,442,018	–	–	1,442,018
Short-term borrowings	42,352	42,352	–	42,352	–
Accrued interest payable	6,897	6,897	–	6,897	–
Federal Home Loan Bank borrowings	105,288	105,275	–	–	105,275
Notes payable	357	351	–	–	351

	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Year Ended December 31, 2023					
Financial assets					
Cash and cash equivalents	$ 21,855	21,855	21,855	–	–
Interest-earnings time deposits in other financial institutions	245	245	–	–	245
Investments in available-for-sale debt securities	406,184	406,184	–	406,184	–
Mortgage loans held for sale	169	169	–	169	–
Loans net of allowance for credit losses	1,148,096	1,049,025	–	–	1,049,025
Accrued interest receivable	12,505	12,505	–	12,505	–
FHLB Stock	2,959	2,959	–	2,959	–
Federal Reserve Bank Stock	914	914	–	914	–
Financial liabilities					
Deposits	$ 1,408,460	1,405,373	–	–	1,405,373
Short-term borrowings	47,875	47,875	–	47,875	–
Accrued interest payable	3,585	3,585	–	3,585	–
Federal Home Loan Bank borrowings	58,927	59,059	–	–	59,059
Notes payable	1,753	1,740	–	–	1,740

Adoption of New Accounting Standards

On January 1, 2023, the Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (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 held-to-maturity 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 available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is not more likely than not they will be required to sell.

The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet (OBS) credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a net decrease to retained earnings of $796,000 as of January 1, 2023, for the cumulative effect of adopting ASC 326. The transition adjustment included an increase to the allowance for credit losses on loans of $958,000 and an increase to the allowance for OBS credit exposures of $50,000. The Company did not record an allowance for credit losses on securities as it holds no held-to-maturity securities. The transition adjustment included corresponding increases in deferred tax assets.

The following table illustrates the impact of ASC 326 on January 1, 2023 (in thousands).

	As reported under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets:			
Commercial real estate	$ 4,788	4,422	366
Agricultural production	520	797	(277)
Commercial other	2,050	3,101	(1,051)
Real estate construction	1,175	495	680
Residential real estate	1,630	888	742
Farmland	1,579	1,080	499
Consumer	335	336	(1)
Allowance for credit losses on loans	$ 12,077	11,119	958
Liabilities:			
Allowance for credit losses OBS credit exposures	$ 408	358	50

Revisions and Adjustments

Certain revisions were made to the 2023 notes to the consolidated financial statements to include disclosures not previously included. Those disclosures were as follows:

- Note 1 – Nonrecurring fair value measurements and fair value of financial instruments
- Note 4 – Collateral dependent loans and loan charge-offs by vintage

In addition, earnings per share information was added to the 2023 Income Statement as well as Note 18. This was considered an adjustment as it is not required information.

Subsequent Events

The Company has considered all events occurring subsequent to December 31, 2024 for possible disclosure through February 28, 2025, the date these consolidated financial statements were available to be issued.

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 2 – CASH AND DUE FROM BANKS

The Company maintains cash balances in several financial institutions, which, at times, exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. No losses have been experienced in these accounts, and management believes it is not exposed to significant credit risk on cash balances. At December 31, 2024, the Company's cash accounts exceeded federally insured limits by $222,000. In addition, the Company had $1,220,000 at the Federal Reserve Bank and Federal Home Loan Bank, which are government-sponsored entities not insured by the FDIC.

The Bank is generally required to maintain certain daily reserve balances on hand in accordance with regulatory requirements. Effective March 26, 2020, the Federal Reserve Board reduced reserve requirements to zero percent.

NOTE 3 – INVESTMENTS IN DEBT SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair value of debt securities classified as available-for-sale at December 31, 2024 and 2023 (in thousands) are as follows:

2024	**Amortized cost**	**Gross unreal-ized gains**	**Gross unreal-ized losses**	**Estimated fair value**
Obligations of U.S. government agencies and corporations	**$ 13,010**	**–**	**(842)**	**12,168**
Obligations of states and political subdivisions	**255,497**	**86**	**(29,882)**	**225,701**
Mortgage-backed securities	**153,604**	**1**	**(21,618)**	**131,987**
	$ 422,111	**87**	**(52,342)**	**369,856**

2023	Amortized cost	Gross unreal-ized gains	Gross unreal-ized losses	Estimated fair value
Obligations of U.S. government agencies and corporations	$ 15,276	–	(1,061)	14,215
Obligations of states and political subdivisions	284,243	390	(28,384)	256,249
Mortgage-backed securities	156,516	3	(20,799)	135,720
	$ 456,035	393	(50,244)	406,184

The amortized cost and estimated fair value of debt securities classified as available-for-sale (in thousands) at December 31, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

	Amortized cost	Estimated fair value
Due one year or less	**$ 620**	**624**
Due one year through five years	**43,367**	**41,481**
Due five years through ten years	**104,169**	**92,307**
Due after ten years	**120,351**	**103,457**
Mortgage-backed securities	**153,604**	**131,987**
	$ 422,111	**369,856**

Provided below is a summary of securities which were in an unrealized loss position (in thousands) at December 31, 2024 and 2023:

	Less than 12 months		**12 months or more**		**Total**	
2024	**Estimated fair value**	**Unrealized losses**	**Estimated fair value**	**Unrealized losses**	**Estimated fair value**	**Unrealized losses**
Obligations of U.S. government agencies and corporations	**$ 2,530**	**59**	**9,638**	**783**	**12,168**	**842**
Obligations of states and political subdivisions	**6,708**	**102**	**199,211**	**29,780**	**205,919**	**29,882**
Mortgage-backed securities	**2,431**	**18**	**117,427**	**21,600**	**119,859**	**21,618**
	$ 11,669	**179**	**326,276**	**52,163**	**337,946**	**52,342**

	Less than 12 months		12 months or more		Total	
2023	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
Obligations of U.S. government agencies and corporations	$ –	–	14,215	1,061	14,215	1,061
Obligations of states and political subdivisions	4,877	30	216,066	28,354	220,943	28,384
Mortgage-backed securities	46	1	135,585	20,798	135,631	20,799
	$ 4,923	31	365,866	50,213	370,789	50,244

The obligations of U.S. government agencies and corporations and mortgage-backed securities with unrealized losses are primarily issued from and guaranteed by the Federal Home Loan Bank, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation. Obligations of states and political subdivisions in an unrealized loss position are primarily comprised of bonds with adequate credit ratings, underlying collateral, and/or cash flow projections. The unrealized losses associated with these securities are not believed to be attributed to credit quality but rather to changes in interest rates and temporary market movements. In addition, the Company does not intend to sell the securities with unrealized losses, and it is not more likely than not that the Company will be required to sell them before recovery of their amortized cost bases, which may be at maturity.

During 2024, gross gains of $24,006 and gross losses of $489,174 resulting from sales of available-for-sale securities were realized while no gains or losses on the sale of available-for-sale securities were reporting in 2023. The tax benefit applicable to the net realized loss in 2024 amounted to $97,685.

The carrying value of debt securities pledged to secure public funds, securities sold under repurchase agreements, certain short- and long-term borrowings, and for other purposes amounted to approximately $188,600,000 and $264,335,000 at December 31, 2024 and 2023, respectively. The Bank has also pledged letters of credit from the Federal Home Loan Bank of Chicago totaling $92,145,000 and $71,276,000 as additional collateral to secure public funds at December 31, 2024 and 2023, respectively.

NOTE 4 – LOANS

The composition of the loan portfolio at December 31, 2024 and 2023 (in thousands) is as follows:

	2024	2023
Commercial:		
Real estate	**$ 484,276**	437,048
Agricultural production	**114,053**	100,116
Other	**157,262**	144,625
Real estate:		
Construction	**147,036**	115,427
Residential	**152,613**	139,148
Farmland	**214,174**	206,639
Consumer	**20,830**	20,464
	1,290,244	1,163,467
Less deferred fees	**(1,842)**	(1,780)
	$ 1,288,402	1,161,687

The Bank grants commercial, industrial, residential, agricultural, and consumer loans throughout south-central Illinois, suburban southwestern Chicago, and the St. Louis, Missouri metropolitan area. With the exception of agricultural credits, the Bank does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the portfolio is concentrated in and secured by real estate in the Bank's market areas. The ability of the Bank's borrowers to honor their contractual obligations is dependent upon the local economies and their effect on the real estate market. Included in consumer loans are overdrafts of $1,078,000 and $180,000 at December 31, 2024 and 2023, respectively.

The following describe the risk characteristics relevant to each of the portfolio segments:

Commercial real estate loans are secured by various commercial property types including office and industrial buildings, warehouses, small retail shopping centers, and various special purpose properties, such as hotels, restaurants, and nursing homes, majority of which are owner-occupied and in the Bank's market areas. The Bank originates commercial real estate loans with a typical term of three or five years and a fixed or adjustable rate feature generally tied to a designated public index. These loans are typically amortized over 15 or 25 years. Strict underwriting standards are in place that include, but are not limited to, independent appraisals, cash flow analyses, creditworthiness, experience, and management. For owner-occupied properties, the primary source of cash flow is from the ongoing operations and activities conducted by the party that owns the property. Nonowner-occupied properties are those loans where the primary source of repayment is derived from rental income associated with the property or the proceeds of the sale, refinancing, or permanent financing of the property.

Agricultural loans (i.e., those loans which fund crop production, livestock production, and capital purchases) are structured to coincide with the purpose or seasonality. Collateral support, determined repayment ability, and creditworthiness are all considered in the loan approval process.

Commercial business loans vary in type and may be secured or unsecured. They are typically originated with the purpose of financing equipment acquisitions, expansion, working capital, and other general business purposes, such as issuing letters of credit. The Company's commercial business loan portfolio is comprised of loans for a variety of purposes and generally is secured by equipment, machinery, and other business assets. The terms of these loans are generally for less than seven years. The loans are either negotiated on a fixed-rate basis or carry variable interest rates that float in accordance with a designated public index. Commercial credit decisions are based upon a complete credit review of the borrower. A determination is made as to the borrower's ability to repay in accordance with the proposed loan terms, as well as an overall assessment of the credit risks involved. Personal guarantees of borrowers are generally required. In evaluating a commercial business loan, the Bank considers debt service capabilities, actual and projected cash flows, and the borrower's inherent industry risks.

Construction lending generally involves a greater degree of risk than the Bank's other real estate lending. The construction phase of a loan generally lasts 9 to 18 months. As with the Bank's other loan types, the underwriting standards require proper loan-to-value coverage and determination of the borrower's ability to service the debt. Prior to approval of the construction loan, the Bank determines that the borrower has the approval, capacity, and wherewithal to handle the permanent financing.

Residential real estate loans are predominantly collateralized by properties located in the Bank's market areas. The Bank adheres to strict underwriting standards that have been reviewed by the Board of Directors and the banking regulators. The underwriting standards include, but are not limited to, repayment capacity, creditworthiness, proper loan-to-value coverage, and proper lien positions supported by title policies.

Multifamily real estate loans are generally secured by apartment buildings and rental properties and are typically offered with interest rates that are fixed or adjust with a designated public index. When originating multifamily real estate loans, the Bank evaluates the qualifications and financial condition of the borrower, profitability of the rental property, and expertise of the borrower in addition to the value and condition of the mortgaged property securing the loans. The Bank also considers the financial resources of the borrower, the cash flow the property generates (i.e., the gross rental income less associated expenses), and the borrower's global obligations to determine sustainable repayment capacity. Multifamily real estate loans are carefully underwritten to determine proper valuation of the property and ability to service the debt.

Home equity lines of credit are designed for owner-occupied homes. These are typically junior liens; therefore, the Bank pays particular attention to the loan-to-value coverage and the debt service capacity of the borrower. Strict underwriting standards are followed to ensure safe and sound lending.

Farm real estate loans are not unique to the Bank's market areas. The underwriting criteria is much the same as for other loans (i.e., loan-to-value coverage, repayment ability, and creditworthiness are paramount). Farm real estate loans may be structured to coincide with the seasonal nature of agriculture. In determining the loan-to-value coverage, the Bank utilizes appraisers that are familiar with agricultural real estate values.

Consumer loans are underwritten in a manner that verifies the borrower's capacity to pay, creditworthiness, and proper valuation of the collateral. The structure of the loan is dependent on the purpose and collateral being pledged as security.

At December 31, 2024 and 2023, the Bank had loans outstanding to the agricultural sector of $328,227,000 and $306,755,000, respectively, comprising 25.4% and 26.4% of the Bank's total loan portfolio. The Bank's agricultural credits are concentrated in the south-central Illinois area and are generally fully secured with either growing crops, farmland, livestock, and/or machinery and equipment. Such loans are subject to the overall national effects of the agricultural economy, as well as the local effects relating to their south-central Illinois location. At December 31, 2024 and 2023, the Bank had loans secured by commercial real estate totaling $484,275,000 and $437,048,000, respectively, comprising 37.5% and 37.6% of the Bank's total loan portfolio. These loans are well-secured by various commercial properties including owner-occupied commercial real estate, multi-family housing, hotels, restaurants, and industrial buildings concentrated in our urban markets of suburban Chicago and the metro St. Louis area.

The aggregate amount of loans to executive officers and directors and loans made for the benefit of executive officers and directors was $6,558,000 and $5,778,000 at December 31, 2024 and 2023, respectively. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons and did not involve more than the normal risk of collectibility. A summary of activity for loans to executive officers and directors for the year ended December 31, 2024 (in thousands) is as follows:

Balance, December 31, 2023	$	5,778
New loans made		8,667
Payments received		(7,887)
Balance, December 31, 2024	$	6,558

The following is an analysis of the allowance for credit losses by loan type at December 31, 2024 and 2023 (in thousands):

		2024				
		Beginning Balance Dec. 31, 2023	Charge Offs	Recoveries	Provision	Ending Balance Dec. 31, 2024
Allowance for credit losses:						
Commercial						
Commercial	$	5,525	(723)	3	1,363	6,168
Agricultural production		815	(26)	38	202	1,029
Other		1,717	(96)	30	364	2,015
Real estate						
Construction		1,019	–	–	167	1,186
Residential		1,371	(9)	52	73	1,487
Farmland		2,855	(346)	–	(305)	2,204
Consumer		289	(201)	45	79	212
Total	$	13,591	(1,401)	168	1,943	14,301

		2023					
		Beginning Balance Dec. 31, 2022	Impact of Adopting ASC 326	Charge Offs	Recoveries	Provision	Ending Balance Dec. 31, 2023
Allowance for credit losses:							
Commercial							
Real estate	$	4,422	366	(222)	112	847	5,525
Agricultural production		797	(277)	–	2	293	815
Other		3,101	(1,051)	(194)	1,109	(1,248)	1,717
Real estate							
Construction		495	680	–	–	(156)	1,019
Residential		888	742	(34)	44	(269)	1,371
Farmland		1,080	499	–	109	1,167	2,855
Consumer		336	(1)	(31)	78	(93)	289
Total	$	11,119	958	(481)	1,454	541	13,591

The following is a summary of past-due loans by type and by number of days delinquent at December 31, 2024 and 2023 (in thousands):

	2024						
	30-59 days past due	60-89 days past due	Greater than 90 days	Total past due	Current	Total loans	Recorded investment > 90 days past due and accruing
Commercial:							
Real estate	$ 417	388	5,887	6,691	475,898	482,588	
Agricultural production	31	–	27	58	113,995	114,053	–
Other	233	131	182	547	156,560	157,107	–
Real estate:							–
Construction	–	–	–	–	147,036	147,036	
Residential	977	447	318	1,743	150,870	152,613	–
Farmland	1,329	–	539	1,866	212,308	214,174	–
Consumer	61	58	4	124	20,706	20,830	–
	$ 3,048	1,024	6,957	11,029	1,277,373	1,288,402	–

	2023						
	30-59 days past due	60-89 days past due	Greater than 90 days	Total past due	Current	Total Loans	Recorded investment > 90 days past due and accruing
Commercial:							
Real estate	$ 1,364	–	751	2,115	433,308	435,423	–
Agricultural production	269	7	114	390	99,726	100,116	–
Other	234	200	71	505	143,965	144,470	–
Real estate:							
Construction	1,680	–	88	1,768	113,659	115,427	–
Residential	1,489	172	–	1,661	137,487	139,148	–
Farmland	227	–	540	767	205,872	206,639	–
Consumer	67	–	1	68	20,396	20,464	–
	$ 5,330	379	1,565	7,274	1,154,413	1,161,687	–

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

The following is a summary of loans on nonaccrual status by type at December 31, 2024 and 2023 (in thousands). No income was recognized on nonaccrual loans during the years ended December 31, 2024 and 2023.

	2024		2023	
	Nonaccrual with no Allowance for Credit Loss	**Total Nonaccrual**	Nonaccrual with no Allowance for Credit Loss	Total Nonaccrual
Commercial:				
Real estate	$ **4,003**	**8,646**	4,225	5,736
Agricultural production	**–**	**27**	51	161
Other	**495**	**809**	230	615
Real estate:				
Construction	**3**	**3**	–	88
Residential	**586**	**607**	543	615
Farmland	**2,040**	**2,227**	302	843
Consumer	**68**	**72**	83	96
	$ **7,195**	**12,391**	5,434	8,154

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience, collateral support, credit documentation, public information, current economic trends and other factors. The Bank analyzes loans individually on a continuous basis by classifying the loans based on credit risk. The Bank uses the following definitions for risk ratings:

- Watch – Loans classified as watch have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

- Substandard – Loans classified as substandard are inadequately protected by the current worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not resolved.

- Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make full collection or liquidation on the basis of currently existing factors, conditions, and values highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered pass-rated loans.

The following table presents the credit risk profile of the Bank's loan portfolio based on rating category as of December 31, 2024 and 2023 (in thousands):

		Term Loans by Origination Year						
2024		2024	2023	2022	2021	Prior	Revolving	Total
Commercial real estate								
Pass	$	61,492	83,973	116,459	85,970	118,903	3,238	470,035
Watch		—	—	1,737	187	503	—	2,427
Substandard		54	44	809	315	5,046	3,861	10,129
	$	61,546	84,017	119,005	86,472	124,452	7,099	482,591
Current period gross charge offs	$	—	—	—	—	635	—	635
Agricultural production								
Pass	$	9,309	2,597	4,189	3,759	3,206	88,963	112,023
Watch		20	231	—	6	15	1,468	1,740
Substandard		185	—	—	—	—	105	290
	$	9,514	2,828	4,189	3,765	3,221	90,536	114,053
Current period gross charge offs	$	—	—	—	26	—	—	26
Commercial other								
Pass	$	29,033	23,987	24,338	8,102	13,409	55,493	154,362
Watch		45	95	—	927	412	—	1,479
Substandard		191	146	361	84	157	325	1,264
	$	29,269	24,228	24,699	9,113	13,978	55,818	157,105
Current period gross charge offs	$	—	8	—	—	88	—	96
Real estate construction								
Pass	$	82,966	49,290	8,417	2,721	1,593	2,046	147,033
Watch		—	—	—	—	—	—	—
Substandard		—	—	—	—	3	—	3
	$	82,966	49,290	8,417	2,721	1,596	2,046	147,036
Current period gross charge offs	$	—	—	66	22	—	—	88
Residential real estate								
Pass	$	27,883	28,857	31,385	11,612	33,652	17,802	151,191
Watch		—	—	—	—	319	—	319
Substandard		—	—	83	—	882	138	1,103
	$	27,883	28,857	31,468	11,612	34,853	17,940	152,613
Current period gross charge offs	$	—	—	—	9	—	—	9
Farmland								
Pass	$	28,239	24,671	27,911	24,078	97,479	3,495	205,873
Watch		200	—	—	1,809	2,733	210	4,952
Substandard		1,657	—	—	—	1,692	—	3,349
	$	30,096	24,671	27,911	25,887	101,904	3,705	214,174
Current period gross charge offs	$	—	—	—	—	346	—	346
Consumer								
Pass	$	8,625	5,476	2,546	1,009	2,323	711	20,690
Watch		—	—	—	—	—	—	—
Substandard		4	—	1	18	117	—	140
	$	8,629	5,476	2,547	1,027	2,440	711	20,830
Current period gross charge offs	$	8	7	177	3	3	3	201
Total								
Pass	$	247,547	218,851	215,245	137,251	270,565	171,748	1,261,207
Watch		265	326	1,737	2,929	3,982	1,678	10,917
Substandard		2,091	190	1,254	417	7,897	4,429	16,278
	$	249,903	219,367	218,236	140,597	282,444	177,855	1,288,402
Current period gross charge offs	$	8	15	243	60	1,072	3	1,401

		Term Loans by Origination Year					
2023		2023	2022	2021	Prior	Revolving	Total
Commercial real estate							
Pass	$	62,975	141,946	80,064	137,920	4,618	427,523
Watch		—	—	191	1,179	—	1,370
Substandard		—	289	—	6,241	—	6,530
	$	62,975	142,235	80,255	145,340	4,618	435,423
Current period gross charge offs	$	—	—	—	202	—	202
Agricultural production							
Pass	$	6,590	7,218	5,291	5,443	72,829	97,371
Watch		174	—	8	24	1,246	1,452
Substandard		—	1,125	26	95	47	1,293
	$	6,764	8,343	5,325	5,562	74,122	100,116
Current period gross charge offs	$	—	—	—	—	—	—
Commercial other							
Pass	$	28,840	28,720	11,876	19,927	52,301	141,664
Watch		145	347	1,018	527	100	2,137
Substandard		38	—	42	589	—	669
	$	29,023	29,067	12,936	21,043	52,401	144,470
Current period gross charge offs	$	—	93	24	54	23	194
Real estate construction							
Pass	$	74,014	14,975	12,980	12,931	439	115,339
Watch		—	—	—	—	—	—
Substandard		—	66	22	—	—	88
	$	74,014	15,041	13,002	12,931	439	115,427
Current period gross charge offs	$	—	17	—	—	—	17
Residential real estate							
Pass	$	34,228	35,053	13,268	40,115	15,055	137,719
Watch		—	—	—	185	—	185
Substandard		—	—	—	1,244	—	1,244
	$	34,228	35,053	13,268	41,544	15,055	139,148
Current period gross charge offs	$	—	—	—	38	—	38
Farmland							
Pass	$	30,794	31,686	25,651	106,914	2,038	197,083
Watch		—	—	1,848	4,297	725	6,870
Substandard		—	—	117	2,569	—	2,686
	$	30,794	31,686	27,616	113,780	2,763	206,639
Current period gross charge offs	$	—	—	—	—	—	—
Consumer							
Pass	$	9,201	5,174	2,046	3,215	646	20,282
Watch		—	—	—	—	—	—
Substandard		—	1	25	156	—	182
	$	9,201	5,175	2,071	3,371	646	20,464
Current period gross charge offs	$	—	8	3	18	1	30
Total							
Pass	$	246,642	264,772	151,176	326,465	147,926	1,136,981
Watch		319	347	3,065	6,212	2,071	12,014
Substandard		38	1,481	232	10,894	47	12,692
	$	246,999	266,600	154,473	343,571	150,044	1,161,687
Current period gross charge offs	$	—	118	27	312	24	481

The Bank seeks to assist customers that are experiencing financial difficulty by renegotiating loans within lending regulations and guidelines. A loan modification is considered a restructured loan when a concession has been granted to a borrower experiencing financial difficulties. The Bank's modifications generally include interest rate adjustments and amortization and maturity date extensions. These modifications allow the borrowers short-term cash relief to allow them to improve their financial condition. The Bank's restructured loans are considered impaired and are individually evaluated for impairment as part of the allowance for credit losses as described above.

The following table presents the amortized cost basis (dollars in thousands) of loans at December 31, 2024 and 2023 that were both experiencing financial difficulty and modified during the year ended December 31, 2024 and 2023, by segment and type of modification. The percentage of amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each segment of loans is also presented below.

2024		Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension/ Principal Forgiveness	Combination Term Extension/ Interest Rate Reduction	Percent of Loans
Commercial:								
Real estate	$	–	949	–	–	–	–	0.20%
Agricultural production		–	–	–	–	–	–	–
Other		–	–	–	–	–	143	0.09%
Real estate								
Construction		–	–	–	–	–	–	–
Residential		–	–	–	–	–	–	–
Farmland		–	–	–	–	–	–	–
Consumer		–	–	–	–	–	–	–
	$	–	949	–	–	–	143	0.08%

2023		Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension/ Principal Forgiveness	Combination Term Extension/ Interest Rate Reduction	Percent of Loans
Commercial:								
Real estate	$	–	1,049	–	–	–	–	0.24%
Agricultural production		–	–	–	–	–	–	–
Other		–	–	314	–	–	150	0.32%
Real estate								
Construction		–	–	–	–	–	–	–
Residential		–	–	–	–	–	–	–
Farmland		–	–	–	–	–	–	–
Consumer		–	–	–	–	–	–	–
	$	–	1,049	314	–	–	150	0.13%

No restructured loans defaulted within 12 months of their restructuring in 2024 or 2023. The Bank had no commitments to extend additional credit on any restructured loans at December 31, 2024 or 2023.

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

A loan is considered to be collateral dependent when the borrower is experiencing financial difficulty and the repayment is expected to be provided substantially through the operation or sale of collateral. The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2024 and December 31, 2023:

2024		Collateral			
		Real Estate	**Business Assets**	**Other**	**Total**
Commercial real estate	$	4,643	–	–	4,643
Agricultural production		–	27	–	27
Commercial other		–	314	–	314
Real estate construction		–	–	–	–
Residential real estate		21	–	–	21
Farmland		187	–	–	187
Consumer		–	–	4	4
Total	$	4,851	341	4	5,196

2023		Collateral			
		Real Estate	**Business Assets**	**Other**	**Total**
Commercial real estate	$	1,511	–	–	1,511
Agricultural production		–	110	–	110
Commercial other		–	440	–	440
Real estate construction		88	–	–	88
Residential real estate		73	–	–	73
Farmland		540	–	–	540
Consumer		–	–	13	13
Total	$	2,212	550	13	2,775

NOTE 5 – BANK PREMISES AND EQUIPMENT

A summary of Bank premises and equipment at December 31, 2024 and 2023 (in thousands) is as follows:

		2024	2023
Land	**$**	**3,052**	3,112
Buildings and improvements		**21,152**	20,979
Furniture, fixtures, and equipment		**13,634**	13,336
		37,838	37,427
Less accumulated depreciation and amortization		**20,398**	19,272
	$	**17,440**	18,155

Amounts charged to noninterest expense for depreciation and amortization aggregated $1,238,000 and $1,264,000 for the years ended December 31, 2024 and 2023, respectively.

NOTE 6 – LEASES

The Company enters into leases in the normal course of business primarily for premises and equipment. The Company's leases have remaining terms of up to three years some of which include renewal options to extend the lease.

Right-of-use assets, included in other assets, totaled $341,000 and $300,000 and lease liabilities, included in other liabilities, totaled $345,000 and $305,000 at December 31, 2024 and 2023, respectively.

The components of lease expense were as follows for the periods ending December 31, 2024 and 2023 (in thousands):

		2024	2023
Operating lease expense	$	**309**	345
Short-term lease expense		**24**	17
Variable lease expense		**19**	46
	$	**352**	408

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2024, (in thousands) are as follows:

Year ending December 31:		
2025	$	129
2026		74
2027		77
2028		79
Thereafter		13
Total undiscounted cash flows	$	372
Less: present value discount		(27)
Total lease liabilities	$	345

Supplemental lease information at December 31, 2024, (in thousands) are as follows:

		2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$	309	345
Right of use assets obtained in exchange for new operating lease liabilities	$	336	–
Operating lease weighted average remaining lease term (years)		4	1
Operating lease weighted average discount rate		3.91%	1.34%

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 7 – DEPOSITS

A summary of interest-bearing deposits at December 31, 2024 and 2023 (in thousands) is as follows:

		2024	2023
Interest-bearing transaction accounts	$	**373,119**	358,839
Savings		**270,633**	290,260
Time deposits		**519,366**	478,942
	$	**1,163,118**	1,128,042

Deposits of executive officers, directors, and their related interests at December 31, 2024 and 2023 totaled $3,217,000 and $3,842,000, respectively.

Interest expense on deposits for the years ended December 31, 2024 and 2023 (in thousands) is summarized as follows:

		2024	2023
Interest-bearing transaction accounts	$	**5,108**	4,180
Savings		**3,309**	4,056
Time deposits		**21,453**	13,207
	$	**29,870**	21,443

Time deposits meeting or exceeding the FDIC insurance limit of $250,000 totaled $196,988,000 and $160,553,000 at December 31, 2024 and 2023, respectively. The following are the maturities of time deposits for each of the next five years and in the aggregate at December 31, 2024:

Year ending December 31:		
2025	$	502,080
2026		7,717
2027		7,361
2028		1,040
2029		1,168
	$	519,366

NOTE 8 – INCOME TAXES

The components of income tax expense for the years ended December 31, 2024 and 2023 (in thousands) are as follows:

		2024	2023
Current:			
Federal	$	**3,181**	3,476
State		**1,582**	1,725
Deferred		**(605)**	(627)
	$	**4,158**	4,574

A reconciliation of expected income tax expense computed by applying the federal statutory rate of 21% to income before applicable income taxes for the years ended December 31, 2024 and 2023 (in thousands) is as follows:

	2024	2023
Expected statutory federal income tax	$ **3,741**	4,119
Tax-exempt interest and dividend income	**(364)**	(839)
State tax, net of related federal benefit	**1,249**	1,363
Stock options	**(81)**	(51)
Other, net	**(387)**	(18)
	$ **4,158**	4,574

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2024 and 2023 are presented below (in thousands) and are included in other assets on the Consolidated Balance Sheets:

	2024	2023
Deferred tax assets:		
Allowance for credit losses	$ **3,917**	3,718
Deferred compensation	**2,702**	2,622
Purchase adjustments	**103**	196
Available-for-sale securities – net loss	**10,974**	10,469
Other, net	**529**	437
Total deferred tax assets	**18,225**	17,442
Deferred tax liabilities:		
Bank premises and equipment	**(1,153)**	(1,341)
Intangible assets	**(949)**	(1,129)
Cash flow hedge	–	(8)
Other, net	**(366)**	(318)
Total deferred tax liabilities	**(2,469)**	(2,796)
Net deferred tax assets	$ **15,756**	14,646

The Company is required to provide a valuation reserve on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation reserve at December 31, 2024 and 2023 as management believes that all criteria for recognition have been met, including the existence of a history of taxes paid sufficient to support the realization of deferred tax assets.

NOTE 9 – SHORT-TERM BORROWINGS

Short-term borrowings consisted of federal funds purchased and securities sold under repurchase agreements. At December 31, 2024 and 2023, federal funds purchased totaled $2,250,000 and $0, respectively, while securities sold under repurchase agreements totaled $40,102,000 and $47,875,000. The repurchase agreements are collateralized by debt securities consisting of $40,210,000 (which includes $26,131,000 of obligations of U.S. government agencies and corporations and mortgage-backed securities and $14,079,000 of obligations of states and political subdivisions) at December 31, 2024 and $58,656,000 (which includes $43,909,000 of obligations of U.S. government agencies and corporations and mortgage-backed securities and $14,747,000 of obligations of states and political subdivisions) at December 31, 2023. The Bank also occasionally borrows funds purchased on an overnight basis from unaffiliated financial institutions (including the Federal Home Loan Bank of Chicago) to meet short-term liquidity needs. The average balances, weighted average interest rates paid, and maximum month-end amounts outstanding for the years ended December 31, 2024 and 2023, and the average rates at each year-end for funds purchased and securities sold under repurchase agreements, are as follows (dollars in thousands):

	2024	2023
Average balance	$ **39,079**	36,388
Weighted average interest rate paid during the year	**3.48%**	3.56%
Maximum amount outstanding at any month-end	$ **47,628**	49,073
Average rate at end of year	**3.32%**	3.73%

NOTE 10 – FEDERAL HOME LOAN BANK BORROWINGS

At December 31, 2024, the Bank had fixed-rate advances outstanding with the Federal Home Loan Bank of Chicago maturing as follows (dollars in thousands):

	Amount	Weighted average rate
Due in 2025	$ 31,338	4.66%
Due in 2026	26,250	4.50%
Due in 2027	22,000	4.06%
Due in 2028	10,000	4.09%
Due in 2029	15,700	4.34%
	$ 105,288	

At December 31, 2023, total outstanding advances totaled $58,927,000 and had interest rates ranging from 3.75% to 4.65%. At December 31, 2024, the Bank maintained a line of credit for $328,355,000 with the Federal Home Loan Bank of Chicago and had availability under this line of $197,800,000. Under agreements with the Federal Home Loan Bank of Chicago, advances are secured by pledging qualifying collateral of the Bank (such as one-to-four family closed-end, first-lien mortgages, commercial real estate loans, multifamily real estate loans, farmland loans, and Federal Home Loan Bank of Chicago stock). Qualifying loans pledged to the Federal Home Loan Bank of Chicago total $526,277,000.

NOTE 11 – NOTES PAYABLE

Following is a summary of the Company's notes payable at December 31, 2024 and 2023 (in thousands):

		2024	2023
Line of credit note payable	$	–	–
Term notes payable		357	1,753
	$	357	1,753

At December 31, 2024, the Company maintains two notes payable borrowing arrangements with an unaffiliated financial institution. The term-note payable had an original balance of $6,700,000 with a balance of $357,000 and $1,753,000 at December 31, 2024 and 2023, respectively, maturing on May 31, 2025. Effective March 15, 2020, the term note payable was amended to require quarterly interest payments at a variable rate of 2.12% over LIBOR through June 15, 2020. The floating rate was amended on December 15, 2022 to 2.12% over the 3 month USD-SOFR CME Term. After June 15, 2020, the term note payable required quarterly principal and interest payments of approximately $360,000. The final principal payment of $357,000 will be made in 2025. The revolving line of credit note payable has a maximum availability of $2,000,000, matures on March 28, 2025, and requires quarterly interest payments at a variable rate of interest. The line of credit note payable is fully available at December 31, 2024 for future advances.

The notes payable are secured by the common stock of the Bank and include certain restrictions that, among other things, specify minimum levels for earnings, capital, and the reserve for loan losses in addition to maximum levels for nonperforming loans. Any of the financial ratios or covenants may be waived at the discretion of the lending institution. As of December 31, 2024 and 2023, the Company was in compliance with all of the financial ratios and covenants specified in the notes payable agreements or has received a waiver from the lender. Company management does not believe the covenants will restrict its future operations. The weighted average interest rate paid on the notes payable in 2024 and 2023 was 3.73%.

NOTE 12 – CAPITAL STOCK

The Company has authorized 20,000,000 shares of common stock with a par value of $0.05 per share. At December 31, 2024, 5,779,659 shares were issued and outstanding (including 372,626 shares held in treasury). Holders of the Company's common stock are entitled to one vote per share on all matters submitted to a shareholder vote, except that 4,000,000 shares of the authorized common shares are designated as nonvoting shares none of which were issued at December 31, 2024. Holders of the Company's common stock are entitled to receive dividends when, as, and if declared by the Company's Board of Directors. In the event of liquidation of the Company, the holders of the Company's common stock are entitled to share ratably in the remaining assets after payment of all liabilities and any preferred stock outstanding.

The Company has authorized 200,000 shares of preferred stock, 9,745 of which has been issued at December 31, 2024, as described below. Preferred stock may be issued by the Company's Board of Directors from time to time, in series, at which time the terms of such series (par value per share, dividend rates and dates, cumulative or noncumulative, liquidation preferences, etc.) shall be fixed by the Board of Directors.

Castle Creek Transaction

On June 4, 2018, Castle Creek Capital Partners VI, LP (Castle Creek) purchased 525,459 shares of common stock and 9,745 shares of nonvoting Series A preferred stock for $10,436,557 ($19.86 per common share) and $19,352,310, respectively, from the Company. The Series A preferred stock has a par value of $0.01

per share and each share of preferred stock is convertible into 100 shares of common stock or nonvoting common stock. The purchase agreement restricts Castle Creek from purchasing more than 33.3% of the Company's total equity, and Castle Creek's ownership of voting common stock shall not exceed 9.9% of the total issued and outstanding voting common stock. Additionally, the purchase agreement provides subscription rights to Castle Creek granting it the opportunity to acquire from the Company additional Company securities to maintain its proportionate interest in the Company in the event of any offer or sale of any equity in the Company.

In previous years, the Company's shareholders approved various stock option plans under which options to purchase up to 1,700,000 shares of Company stock were authorized for grants to directors, officers, and employees of the Company and Bank. Options to purchase Company common stock were granted at the award value that is based on fair value of a share of common stock on the grant date. Options granted to the officers and directors of the Company and Bank vest 20% each year and expire in ten years.

At the Annual Meeting of Stockholders held on May 14, 2024, the stockholders approved the 2024 Equity Incentive Plan ("Equity Plan"). The Equity Plan was implemented to succeed previously approved equity plans, and a maximum of 1,266,552 shares are authorized. Restricted stock unit awards are granted at the award value that is based on fair value of a share of common stock on the grant date and measured as a level 3 financial instrument. Restricted stock units granted to the officers and directors of the Company and Bank vest over 5 years. At December 31, 2024, 1,176,552 shares are available for future grants.

A summary of the activity of nonvested options for the years ended December 31, 2024 and 2023 is as follows:

	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2022	64,150	0.36
Vested	(17,378)	0.60
Forfeited	(7,950)	0.66
Nonvested at December 31, 2023	38,822	0.33
Vested	(17,343)	0.42
Forfeited	(528)	–
Converted to restricted stock units	(19,586)	0.26
Nonvested at December 31, 2024	1,365	0.29

Following is a summary of stock option activity for the years ended December 31, 2024 and 2023:

	Weighted average option price per share	Number of shares	Remaining contractual term (years)	Aggregate intrinsic value per option share
Outstanding at December 31, 2022	$ 18.31	329,885		
Exercised	14.87	(56,320)		
Forfeited	24.49	(8,750)		
Outstanding at December 31, 2023	18.84	264,815	3.63	$ 3.55
Exercisable at December 31, 2023	$ 17.31	225,993	3.06	$ 4.16
Outstanding at December 31, 2023	$ 18.84	264,815		
Exercised	15.13	(49,845)		
Forfeited	27.98	(8,350)		
Converted to restricted stock units	25.40	(70,150)		
Outstanding at December 31, 2024	16.27	136,470	1.83	$ 3.00
Exercisable at December 31, 2024	$ 16.15	135,105	1.78	$ 3.03

The fair value of options vested during 2024 and 2023 was $7,000 and $10,000, respectively. At December 31, 2024, there was no unrecognized compensation expense related to nonvested stock options. No options were granted during 2024 or 2023.

Cash received from options exercised for the years ended December 31, 2024 and 2023 totaled $153,000 and $334,000, respectively. The actual tax benefit realized for the tax deductions from options exercised totaled $109,000 and $51,000 for the years ended December 31, 2024 and 2023, respectively.

During 2024, the Company offered eligible officers the opportunity to exchange outstanding and underwater options for fewer restricted stock units ("RSUs") at a ratio of four options to one RSU. This represents a Type 1 (probable to probable) modification of the awards under the definition of ASC Topic 718. Effective October 1, 2024, 70,150 options were converted into 17,545 RSUs. The incremental cost associated with this modification was $29,000 which was recognized during 2024. The exchanging of options did not impact the vesting schedule. At December 31, 2024, there were 4,903 unvested RSUs.

In addition, the Company granted 90,000 restricted stock units during 2024. The awards vest cumulatively over three years upon the attainment of certain Company performance goals. The grant date fair value per share was $17.55. As the vesting of any awards during 2024 was not deemed probable, no expense was recognized.

No new stock appreciation rights were granted during 2024 or 2023. A liability for the appreciation in stock appreciation rights is recorded on each vesting date and, once fully vested, for any further appreciation in the Company's common stock until the stock appreciation right is exercised. Effective October 1, 2024, all outstanding stock appreciation rights were repriced to the current fair market value price of $18.25 per share, with all other terms remaining the same. Total expense related to the stock appreciation rights liability was $57,000 and $35,000 in 2024 and 2023, respectively. Each stock appreciation right must be exercised within ten years of the grant date. At December 31, 2024 and 2023, a liability of $70,000 and $31,000, respectively, is included in other liabilities in the consolidated balance sheet for the vested balance of these stock appreciation rights. Rights exercised in 2024 totaled 5,305 and those forfeited totaled 18,826 while rights exercised in 2023 totaled 2,740 and those forfeited totaled

10,425. Total stock appreciation rights outstanding at December 31, 2024 and 2023 totaled 151,576 and 169,367, respectively.

NOTE 13 – EMPLOYEE BENEFIT PLANS

The Company maintains a defined contribution 401(k) plan to provide retirement benefits to substantially all of its employees. All employees meeting certain age and service requirements are eligible to participate in the plan. Under the 401(k) plan, the Company may make discretionary matching contributions to the plan up to the amount of employee contributions and subject to certain limitations. Total contributions made by the Company under this plan were $992,000 and $1,059,000 for the years ended December 31, 2024 and 2023, respectively.

Incentive deferral plans are maintained for certain directors and officers allowing such participants to defer current compensation earned in their role with the Company or Bank and agreeing to pay to such participants, or their designated beneficiaries or survivors, the total amount of deferred compensation plus accumulated interest at or following retirement. Under the plans, interest is added to the accumulated deferred compensation at a periodic compound rate equal to the Company's return on equity from the previous year. The directors are expected to continue to render their normal service as directors to the Company or Bank from the date of the plan's inception until retirement.

The incentive deferral plans stipulate that, upon disability, termination, or death prior to retirement, the affected director (or his/her designated beneficiaries or survivors) would be vested in the total deferred compensation accumulated to that date, plus compounded interest. Payments under the plan may be made in a lump sum or periodically over a specified time period, with interest.

To fund the individual agreements with each director and officer covered under the incentive deferral plans, the Company and Bank have purchased flexible-premium universal life insurance policies on the lives of these individuals payable upon death to the Company or Bank. Each life insurance policy has a cash surrender value feature that allows the Company or Bank to receive an amount in cash upon cancelation or lapse of the policy. The cash surrender value of the policies increases monthly, based upon an interest factor, net of mortality, administration, and early termination costs that are inherent in the contracts.

The Company and Bank recognize annual compensation expense equal to the sum of the compensation deferred under the incentive deferral plans by the affected directors plus interest applied to the accumulated balance of the deferred compensation. The Company also administers deferred compensation plans assumed through acquisitions of other banks. The charge to expense for the deferred compensation plans reflects the accrual using the principal and interest method over the vesting period of the present value of benefits due each participant on the full eligibility date. An amount of $9,127,000 and $8,459,000 is included in other liabilities in the consolidated balance sheet at December 31, 2024 and 2023, respectively, representing the sum of all deferrals and interest additions accumulated to date.

NOTE 14 – LITIGATION

During the normal course of business, the Company becomes subject to various legal claims. However in the opinion of management, these will not result in any material liability to the Company.

NOTE 15 – PARENT COMPANY FINANCIAL INFORMATION

The Bank's dividends are the principal source of funds for the payment of dividends by the Company to its stockholders and for debt servicing. The Bank is subject to regulations by regulatory authorities that require the maintenance of minimum capital requirements and is also limited to the earnings of the current year and two previous years for the payment of dividends without obtaining the prior approval of the Office of the Comptroller of the Currency.

Following are condensed balance sheets as of December 31, 2024 and 2023 and the related condensed schedules of income and cash flows (in thousands) for the years then ended of the Company (parent company only):

Condensed Balance Sheets	**2024**	2023
Assets:		
Cash	$ **407**	506
Investment in subsidiary bank	**137,188**	131,171
Life insurance policies	**756**	746
Income tax receivable	**1,571**	1,610
Market adjustment of cash flow hedge	**2**	39
Equity investments	**2,715**	2,111
Other assets	**186**	145
	$ **142,825**	136,328
Liabilities:		
Other liabilities	$ **803**	665
Notes payable	**357**	1,753
Total liabilities	**1,160**	2,418
Total stockholders' equity	**141,665**	133,910
Total liabilities and stockholders' equity	$ **142,825**	136,328

Condensed Schedules of Income	**2024**	2023
Revenue:		
Cash dividends from subsidiary bank	$ **6,000**	6,900
Other income	**57**	32
Total revenue	**6,057**	6,932
Expenses:		
Salaries and benefits	**176**	114
Interest expense	**44**	96
Legal and professional fees	**202**	80
Miscellaneous expenses	**153**	174
Total expenses	**575**	464
Income before income tax benefit and equity in undistributed net income of subsidiary bank	**5,482**	6,468
Income tax benefit	**258**	193
	5,740	6,661
Equity in undistributed net income of subsidiary bank	**7,916**	8,381
Net income	$ **13,656**	15,042

Condensed Schedules of Cash Flows	**2024**	2023
Cash flows from operating activities:		
Net income	$ **13,656**	15,042
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary bank	**(7,916)**	(8,381)
Increase in cash surrender value of life insurance policies	**(11)**	(10)
Stock option expense	**39**	14
Other, net	**144**	229
Cash provided by operating activities	**5,913**	6,894
Cash flows from investing activities:		
Capital contribution to equity investments	**(604)**	(1,315)
Cash used in investing activities	**(604)**	(1,315)
Cash flows from financing activities:		
Principal payments on notes payable	**(1,396)**	(1,345)
Dividends paid	**(3,633)**	(3,377)
Purchase of treasury stock	**(1,133)**	(1,463)
Stock options exercised	**755**	838
Cash used in financing activities	**(5,408)**	(5,347)
Net increase (decrease) in cash	**(99)**	232
Cash at beginning of year	**506**	274
Cash at end of year	$ **407**	506
Supplemental Cash Flows Information		
Noncash transactions:		
Issuance of treasury stock for vested stock awards	**602**	504

NOTE 16 – DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The Bank issues financial instruments with off-balance sheet risk in the normal course of the business of meeting the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit and may involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as they do for financial instruments included on the consolidated balance sheets. Following is a summary of the Company's off-balance sheet financial instruments at December 31, 2024 and 2023 (in thousands):

	2024	2023
Financial instruments for which contractual amounts represent:		
Commitments to extend credit	$ **229,975**	219,555
Standby letters of credit	**4,815**	4,596
	$ **234,790**	224,151

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Of the total commitments to extend credit at December 31, 2024, $57,115,000 were made at fixed rates of interest. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies but is generally residential or income-producing commercial property or equipment on which the Bank generally has a superior lien.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements and historically have not been drawn upon. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

On March 15, 2020, the Bank entered into an interest rate swap agreement with an unaffiliated financial institution to convert the variable interest rate on a loan to a fixed interest rate. The swap agreement provides for the Bank to pay a fixed rate of 3.73% and to receive a variable rate of interest based on a designated public index from the lender. The interest rate swap agreement expires March 15, 2025.

Information pertaining to the outstanding interest rate swap agreement at December 31, 2024 (in thousands) is as follows:

Notional amount	$ 357
Underlying loan balance	357
Fair value recorded in other assets	2

The notional amounts of derivative financial instruments do not represent amounts exchanged by parties and, therefore, are not a measure of the Bank's credit exposure through its use of these instruments. The credit exposure represents the accounting loss the Bank would incur in the event the counterparties failed completely to perform according to the terms of the derivative financial instruments and the collateral held to support the credit exposure was of no value.

NOTE 17 – REGULATORY MATTERS

The Company and Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total, Tier 1, and Common Equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined).

Banks and their bank holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio (equal to Tier 1 capital divided by average total consolidated assets) of greater than 9%, are eligible to opt into the CBLR framework. Qualifying community banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9% will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well-capitalized ratio requirements for purposes of Section 38 of the Federal Deposit Insurance Act. Accordingly, a qualifying community banking organization that exceeds the 9% CBLR will be considered to have met: (i) the generally applicable risk-based and leverage capital requirements of the generally applicable capital rules; (ii) the capital ratio requirements in order to be considered well-capitalized under the prompt corrective action framework; and (iii) any other applicable capital or leverage requirements. A qualifying community banking organization that elects to be under the CBLR framework generally would be exempt from the current capital framework, including risk-based capital requirements and capital conservation buffer requirements. A banking organization meets the definition of a "qualifying community banking organization" if the organization has:

- A leverage ratio of greater than 9%;
- Total consolidated assets of less than $10 billion;
- Total off-balance sheet exposures (excluding derivatives other than sold credit derivatives and unconditionally cancellable commitments) of 25% or less of total consolidated assets; and
- Total trading assets plus trading liabilities of 5% or less of total consolidated assets.

Even though a banking organization meets the above-stated criteria, federal banking regulators have reserved the authority to disallow the use of the CBLR framework by a depository institution or depository institution holding company, based on the risk profile of the banking organization.

Company management believes, as of December 31, 2024, that the Company and Bank meet all capital adequacy requirements to which they are subject. As of December 31, 2024 and 2023, the most recent notification from applicable regulatory authorities categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as a well-capitalized bank, a bank that has not opted to use the CBLR option must maintain minimum Total risk-based, Tier 1 risk-based, Common Equity Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since those notifications that Company management believes have changed the Bank's risk category.

The Bank's actual capital amounts (dollars in thousands) and ratios at December 31, 2024 and 2023 are presented in the following tables:

2024	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(in thousands of dollars)			
Total capital (to risk-weighted assets):	$ 171,099	11.91%	$114,926	≥8.0%	$ 143,658	≥10.0%
Tier 1 capital (to risk-weighted assets):	$ 156,265	10.88%	$ 86,195	≥6.0%	$ 114,926	≥8.0%
Common Equity Tier 1 capital (to risk-weighted assets):	$ 156,265	10.88%	$ 64,646	≥4.5%	$ 93,377	≥6.5%
Tier 1 capital (to average assets):	$ 156,265	8.75%	$ 71,415	≥4.0%	$ 89,269	≥5.0%

2023	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(in thousands of dollars)			
Total capital (to risk-weighted assets):	$ 162,113	12.27%	$105,668	≥8.0%	$ 132,084	≥10.0%
Tier 1 capital (to risk-weighted assets):	$ 148,013	11.21%	$ 79,251	≥6.0%	$ 105,668	≥8.0%
Common Equity Tier 1 capital (to risk-weighted assets):	$ 148,013	11.21%	$ 59,438	≥4.5%	$ 85,855	≥6.5%
Tier 1 capital (to average assets):	$ 148,013	8.79%	$ 67,373	≥4.0%	$ 84,216	≥5.0%

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 18 – EARNINGS PER SHARE

Basic net income per common share available to common stockholders is calculated as net income less preferred stock dividends divided by the weighted average number of common shares outstanding. Diluted net income per common share available to common stockholders is computed using the weighted average number of shares outstanding, increased by the assumed conversion of the Company's convertible preferred stock and the Company's stock options and restricted stock awarded. Presented below are the calculations for the basic and diluted earnings per common share:

($ in thousands, except per share data)		For the Years Ended December 31,	
Basic		2024	2023
Net income	$	13,656	15,042
Less: Dividends on preferred shares		555	516
Net income available to common stockholders	$	13,100	14,525
Weighted average common shares outstanding		5,398,145	5,395,951
Basic earnings per common share	$	2.43	2.69
Diluted			
Net income	$	13,656	15,042
Weighted average common shares outstanding		5,398,145	5,395,951
Dilutive potential common shares:			
Preferred shares as converted		974,500	974,500
Stock option equivalents		14,928	50,521
Restricted stock units awarded		4,903	–
Dilutive potential common shares		994,331	1,025,021
Diluted weighted average common shares outstand		6,392,476	6,420,972
Diluted earnings per common share	$	2.14	2.34

NOTE 19 – SEGMENT REPORTING

During the year ended December 31, 2024, the Company adopted ASU 2023-07, segment reporting. The Company operates with a single reportable segment for financial reporting purposes with the Bank's President and Chief Executive Officer, Andy Tinberg, serving as the chief operating decision maker (CODM). The CODM does not significantly rely on disaggregated financial data to allocate resources and make decisions and, instead, assesses Company needs and performance at the consolidated level.

To determine if further reporting disclosures are warranted, ASU 2023-07 requires that companies assess several criteria:

- Performance tracking at the segment level for decision-making or resource allocation purposes
- Use of internal performance measures or segment-specific expenses as a means for decision-making or resource allocation purposes
- Internal reporting used for the CODM's decision-making process

Management has reviewed the requirements of ASU 2023-07 and has determined that the financial statement disclosures fully comply with the accounting standard and no additional qualitative segment disclosures are required.

BOARD OF DIRECTORS

Richard Walden, Chairman (CNBSI and CNB B&T) [1,2]

Director on both the Bank and Holding Company boards since 1987

Occupation: Owner of Richard C. Walden, CPA, established in 1979

Past employment: U.S. Treasury IRS agent

Community service: Directorship for Karmak, Inc.; Carlinville Area Hospital (board and Foundation)

Past community service: Blackburn College (alumni board and Board of Trustees); CAVPAC Board; Macoupin County CEO Program board

Education: B.A. degree, Blackburn College; CPA, University of Illinois

James T. Ashworth, President of CNBSI; Vice Chairman (CNBSI and CNB B&T) [1,2]

Director on both the Bank and Holding Company boards since 1985

CNB past positions: President and CEO; Cashier; Internal Auditor

Past industry affiliations: Chairman, Community Bankers Association of Illinois; Independent Community Bankers of America Board of Directors; Chairman, Federal Home Loan Bank of Chicago Board of Directors

Community service: Macoupin County Community Foundation; Carlinville Rotary Club (past president)

Past community service: Federated Church Board of Trustees; President, Carlinville Chamber of Commerce

Education: B.S. degree, University of Miami; graduate and post-graduate programs, Graduate School of Banking, University of Wisconsin

Andrew Tinberg, President and CEO CNB B&T, Executive VP CNBSI [1,2]

Director on Bank board since 2020; Director on Holding Company board since 2023

CNB past position: Senior Executive Vice President and Chief Banking Officer

Industry affiliations: Director, Community BancService Corporation (CBSC) board; Chairman of CBSC Innovation Committee; member, Digital Assets Subcommittee, Independent Community Bankers Association

Community service: Congregational member of Evangelical Lutheran Church of the Good Shepherd

Past community service: President, Rotary; President and board member, Chamber of Commerce; Chairman, Oak Forest Economic Advisory Commission

Education: B.S. degree Northern Illinois University & Graduate School of Banking, Colorado

1 CNB Bank Shares, Inc. Board Member | 2 CNB Bank & Trust, N.A. Board Member

BOARD OF DIRECTORS

Shawn Davis, Director, Senior VP of CNBSI [1,2]

Director on both the Bank and Holding Company boards since 1994

CNB past position: Senior Loan Officer, President and CEO

Industry affiliations: Past Chairman, Executive, Finance, Payments, and Nominating Committees, CBAI; past Chairman, Community Bank Services Corp.; Illinois Delegate to ICBA, member and past Vice Chairman of Large Bank Council for ICBA.

Community service: Trustee, Carlinville Public School Foundation; Board member, Regular volunteer for numerous community service organizations.

Education: B.S. degree, Southern Illinois University; Graduate School of Banking, University of Wisconsin

Judith Baker, Director [1,2]

Director on both the Bank and Holding Company boards since 1995

Occupation: Past Patient Reimbursement Specialist, Carlinville Area Hospital

Education: Attended Blackburn College

Nancy Ruyle, Director and Corporate Secretary [1,2]

Director on both the Bank and Holding Company boards since 1990

Occupation: Retired Attorney at Law

Past occupational affiliation: President, Macoupin County Bar Association

Community service: Carlinville Winning Communities board; Macoupin County CEO Program mentor; Carlinville Lions Club; Imagine! Rural Arts

Past community service: Carlinville Public Schools Foundation trustee; Macoupin County CEO Program board; CWC Independence Day chairperson

Education: B.S. degree, St. Ambrose College; J.D. degree, St. Louis University School of Law

1 CNB Bank Shares, Inc. Board Member | 2 CNB Bank & Trust, N.A. Board Member

BOARD OF DIRECTORS

Joe Heitz, Director [1]

Director on Bank board, past Director on Holding Company board beginning in 2015; past Director on Cornerstone Bank & Trust board

Occupation: President/Owner of Heitz Optical

Community service: Riverbend Growth Association

Past community service: Professional Eyecare of Greater St. Louis

Education: B.S. degree, Western Illinois University; University of Missouri, St. Louis.

Rick Champley, Director [1]

Director on Bank board, past Director on Holding Company board since 2021; previously served on Palmer Bank board

Occupation: Owner, Page's Collision Center

Past positions: Chairman of both the Palmer Bank and it's Loan Committee

Past community service: President, Christian County YMCA board; Taylorville Chamber of Commerce Board

Education: Through Taylorville School District

Jim Salske, Director [1]

Director on Bank board since 2006

Occupation: past Owner/Operator of McDonald's restaurants

Past occupational affiliations: Vice President, St. Louis Co-op board; McDonald's Regional Marketing Committee

Community service: Vice Chairman, Carlinville Area Hospital board; Macoupin County CEO Program board

Past community service: President, Hillsboro Chamber of Commerce

Education: B.S. degree, Purdue University

1 CNB Bank Shares, Inc. Board Member | 2 CNB Bank & Trust, N.A. Board Member

BOARD OF DIRECTORS

Spencer Cohn, Director [2]

Director on Holding Company board since 2022

Occupation: Investor

Past occupational affiliations: Keefe, Bruyette & Woods

Community service: Cystic Fibrosis Foundation

Education: B.S. degree, University of Illinois – Finance and Accountancy

Kyle Schumacher, Director [1]

Director on Bank board since 2022

Occupation: President/Owner of Beard Implement Co.

Past occupational affiliations: Lender with Jacksonville Savings Bank

Community service: Elder, Salem Lutheran Church

Past community service: Jacksonville Chamber of Commerce Board, Jacksonville Noon Lions President, Cass-Morgan Farm Bureau Young Leaders, Morgan County Fair Board

Education: B.S. degree, University of Illinois – Technical Systems Management

1 CNB Bank Shares, Inc. Board Member | 2 CNB Bank & Trust, N.A. Board Member

RETIRING BOARD MEMBERS

In appreciation for their service, George Yard (left) and Pete Genta (right) receive their Certificate of Resolution presented by, Chairman, Richard Walden at the April 16, 2024 Board of Directors meeting held in Carlinville.

OFFICER LIST

CNB Bank Shares, Inc.

James Ashworth	President & Vice Chairman	Carlinville
Andrew Tinberg	Executive Vice President	Carlinville
Thomas DeRobertis Jr.	Vice President	Oak Forest
Diana Tone	Executive Vice President & Chief Financial Officer	Jacksonville
Kayla Mahaffay-Musson	Controller	Jacksonville

CNB Bank & Trust, N.A.

Andrew Tinberg	President & Chief Executive Officer	Oak Forest
Matthew Cors	Senior Vice President & Chief Experience Officer	Jacksonville

BRANCH MANAGEMENT & LOANS

Anthony Heitzig	Regional President	Jerseyville
David Hurley	Regional President	Carlinville
Daniel Jung	Regional President	Clayton
Daniel Walsh	Regional President	Oak Forest
Thomas Jelinek	Market President	Palos Heights
Allan Krokos	Market President	Tinley Park
Paul Millard	Market President	Glen Carbon
Jodelle Nell	Market President	Jacksonville
Evan Campbell	Senior Vice President & Commercial Lending Team Leader	Clayton
Noelle Flesner	Vice President & Senior Commercial/Ag Loan Officer	Pittsfield
Craig Frankford	Vice President & Senior Commercial/Ag Loan Officer	Carlinville
David Gabrielse	Vice President & Senior Commercial/Ag Loan Officer	Oak Forest
Kelly Grossman	Vice President & Senior Commercial/Ag Loan Officer	Oak Forest
Michael LaTempt	Vice President & Senior Commercial/Ag Loan Officer	Carrollton
Shaan Smith	Vice President & Senior Commercial/Ag Loan Officer	Jacksonville
Daniel Henry	Vice President & Commercial/Ag Loan Officer II	Chapin
Tim Fritzsche	Vice President & Commercial/Ag Loan Officer	Glen Carbon
Shannon Scheffel	Vice President & Commercial/Ag Loan Officer	Glen Carbon
Jack Tinberg	Vice President & Commercial/Ag Loan Officer	Oak Forest
Gavin Weir Jr.	Vice President & Commercial/Ag Loan Officer	Palos Heights
Lisa Stambaugh	Vice President & Senior Retail Lending Officer	Jacksonville
Lynn Eyman	Asst. Vice President & Commercial/Ag Loan Officer II	Hillsboro
Kimberly Andras	Asst. Vice President & Commercial/Ag Loan Officer	Chapin
Brandon Gerard	Asst. Vice President & Commercial/Ag Loan Officer	Pittsfield
Adelmo Marchiori IV	Asst. Vice President & Commercial/Ag Loan Officer	Carlinville
Lisa Rich	Asst. Vice President & Commercial/Ag Loan Officer	Jacksonville
James Sanderson	Asst. Vice President & Commercial/Ag Loan Officer	Pittsfield
Matthew Slighton	Asst. Vice President & Commercial/Ag Loan Officer	Carlinville
William Vogt	Asst. Vice President & Commercial/Ag Loan Officer	Litchfield
Regina Cox	Asst. Vice President & Retail Lending Officer	Brighton
Carl Goebel	Commercial/Ag Loan Officer	Taylorville
Tammy Hughes	Retail Loan Officer	Carlinville
Tonya Scarborough	Retail Loan Officer	Alton
Charles Toland	Mortgage Originator	Oak Forest

MORTGAGE DEPARTMENT

Stacy Winder	Asst. Vice President & Asst. Sr. Residential Mortgage Loan Operations Officer	Jerseyville
Kendra Sobol	Asst. Mortgage Loan Processing Supervisor	Jerseyville
Dawn Kamp	Lead Mortgage Loan Closer	Jerseyville
Linda Watkins	Lead Mortgage Loan Servicing Assistant	Jacksonville
Megan Baker	Lead Mortgage Loan Underwriter	Jerseyville
Michael Drake	Loss Mitigation Specialist	Alton

FINANCIAL RESOURCES GROUP

Robert Beard	Vice President & Financial Adviser	Jacksonville

OFFICER LIST

RETAIL BANKING

Jo Ann Garland	Vice President & Regional Deposit Support Officer	Jerseyville
Jeanie Glass	Vice President & Regional Universal Banker Manager	Jerseyville
Alicia Vaulx	Vice President & Treasury Management & Business Development Officer	Tinley Park
Debra Volante	Asst. Vice President & Regional Universal Banker Manager	Tinley Park
Kendra Lane	Asst. Vice President & Regional Universal Banker Manager	Hillsboro
Barbara Bergamo	Asst. Vice President & Regional Deposit Support Officer	Palos Heights
Amy Roady	Asst. Vice President & Regional Universal Banker Supervisor	Alton
Michelle Barnes	Universal Banker Supervisor	Oak Forest
Stacey Butler	Universal Banker Supervisor	Alton
Melissa Caldwell	Universal Banker Supervisor	Hillsboro
Tina Carter	Universal Banker Supervisor	Carrollton
Whitney Dworzynski	Universal Banker Supervisor	Taylorville
Jamie Harrop	Universal Banker Supervisor	Brighton
Shelley Malik	Universal Banker Supervisor	Palos Heights
Donald Miller	Universal Banker Supervisor	Litchfield
Francesca Neff	Universal Banker Supervisor	Jacksonville
Michelle Opitz	Universal Banker Supervisor	Pittsfield
Rochelle Schaefer	Universal Banker Supervisor	Jacksonville
Paul Summers	Universal Banker Supervisor	Jerseyville
Carol Wills	Lead Universal Banker & IRA Specialist	Carlinville
Breanna Vocks	Lead Universal Banker	Taylorville
Pamela Voyles	Lead Universal Banker	Litchfield
Jordan Walters	Lead Universal Banker	Chapin
Nichole Whitchurch	Lead Universal Banker	Oak Forest
Christine Berardi	Lead Universal Banker	Tinley Park
Macey Daugherty	Lead Universal Banker	Jacksonville
Michelle Kallal	Lead Universal Banker	Carrollton
Jodi Lane	Lead Universal Banker	Hillsboro
Sandra Price	Lead Universal Banker	Clayton
Carla Royer	Lead Universal Banker	Virden
Maranda Schmieder	Lead Universal Banker	Jerseyville
Suzanne Thing	Lead Universal Banker	Jacksonville

CREDIT ADMINISTRATION

Christopher Williams	Senior Vice President & Chief Credit Officer	Carlinville
Jodi Simons	Vice President Of Loan Administration	Carlinville
Zachary Meyer	Vice President & Lead Loan Review Officer	Carlinville
Lauren Blabas	Lead Lending Assistant	Oak Forest
Laura Saltzman	Lead Lending Assistant	Oak Forest
Heather Tkach	Lead Lending Assistant	Oak Forest
Virginia Wetmore	Lead Lending Assistant	Carrollton
James Duncan	Commercial Credit Officer	Carlinville
Baylee Hughes	Commercial Credit Officer	Carlinville
Tara Meado	Loan Documentation Assistant & Processing Supervisor	Jerseyville
Roberta Wyatt	Loan Administration Supervisor II	Oak Forest
Sandra Lowry	Loan Administration Supervisor II	Clayton
Jill Plato	Loan Administration Supervisor II	Jerseyville

TRUST DEPARTMENT & WEALTH MANAGEMENT GROUP

Norma Bellcoff	Vice President & Director of Wealth Management & Senior Trust Officer	Glen Carbon
Darlene Dwyer	Vice President & Senior Trust Officer	Alton
Amy Warren	Vice President & Trust Officer I	Glen Carbon
Peter Gruben	Chief Investment Officer	Glen Carbon
Victor Henson	Trust Portfolio Manager	Jacksonville
Olivia Pohlman	Trust Portfolio Manager & Tax Manager	Alton
Christina Kaus	Trust Administrator	Alton
Marian Toth	Trust Administrator	Carlinville

OFFICER LIST

TRUST DEPARTMENT & WEALTH MANAGEMENT GROUP *(cont.)*

Wendi Bolin	Trust Operations Officer II	Glen Carbon
Kimberly Payne	Trust Compliance & Operations Coordinator	Alton
Rebecca Johnson	Trust Officer	Jacksonville
Michael Oeser	Business Development Officer	Taylorville
Connor Walker	Farm Manager	Carlinville

OPERATIONS

Maureen Oswald	Executive Vice President & Chief Operations Officer	Carlinville
Deborah McDowell	Senior Vice President & Chief Operations Officer	Carlinville
Kent Brueggemann Jr.	Vice President & Director of Commercial Services & E-Banking	Clayton
Matthew Turley	Vice President & Chief Information Officer	Carlinville
Mark Totsch	Technology Officer II	Carlinville
Steven McKenzie	Technology Officer	Jerseyville
Timothy Bradshaw	Technology Officer & Security Officer	Pittsfield
Kila Harris	Computer Operations Supervisor	Carlinville
Tiffany Peyton	Senior Operations Officer	Carlinville
Denise Sanders	Deposit Operations Supervisor	Jerseyville
Aaron Shipley	Information Security Officer	Carlinville
Cody Zellers	Project Coordinator	Jacksonville
Thomas Schofield	Document Management Specialist	Carlinville
Natalie Magnuson	E-Banking Coordinator	Jacksonville
Joyce Hall	Lead Operations Assistant	Jerseyville
Valerie Smith	Lead Computer Operator	Carlinville
Stephanie Rich	Loan Document Management Specialist	Jacksonville

CORPORATE SERVICES

Thomas DeRobertis Jr.	Executive Vice President & Chief Risk Officer	Oak Forest
Diana Tone	Executive Vice President & Chief Financial Officer	Jacksonville
Kayla Mahaffay-Musson	Controller	Jacksonville
Lori Schultz	Vice President & Director of Human Resources	Glen Carbon
Sallie Bowers	Vice President & Senior Accounting Officer	Pittsfield
Heather Jones	Asst. Vice President & Director of Training	Taylorville
Carol Fletcher	Director of AML Risk Management	Alton
Katie Ashworth	Director of Marketing and Communications	Carlinville
Kristine Schulte	Chief Compliance Officer	Jacksonville
Megan Ham	Assistant Compliance Officer	Jacksonville
Lori Weber	Assistant Compliance Officer	Jacksonville
Paulina Peters	BSA Officer	Oak Forest
Seaniqua Flax-Adão	BSA/AML Operations Officer	Oak Forest
Jason Westberry	BSA/AML Operations Officer	Oak Forest
Kelly Wood	BSA/AML Operations Officer	Oak Forest
Kathy Sharrow	Senior BSA Specialist	Carrollton
Delaina Zellers	Internal Audit Officer	Jacksonville
Shari Skinkis	CRA Officer	Oak Forest
Aaron Wilson	HR Coordinator	Alton
Brooke Davis	Recruiter & HR Generalist	Carlinville
Shelley Tallant	Accounts Payable Supervisor	Jerseyville
Karen Viehweg	Senior Executive Assistant	Carlinville
Ryan Petroline	Senior Marketing Assistant	Alton
Bradlee Slusser	Digital Marketing Assistant	Alton
Debbie Cassata	Trainer	Oak Forest
Susan Snyder	Trainer	Carrollton
Dawna King	Senior Accounting Specialist	Jacksonville
Emily Melton	Accounting Specialist	Jacksonville
Valerie Ringhausen	CTR/High Risk Specialist	Jerseyville

PROUDLY SERVING 17 COMMUNITIES

ALTON | BRIGHTON | CARLINVILLE | CARROLLTON | CHAPIN
CLAYTON, MO | EDWARDSVILLE / GLEN CARBON | HILLSBORO
JACKSONVILLE | JERSEYVILLE | LITCHFIELD | OAK FOREST
PALOS HEIGHTS | PITTSFIELD | TAYLORVILLE | TINLEY PARK | VIRDEN

CNB BANK & TRUST, N.A.

Helping to Open Doors • Since 1854

450 W. SIDE SQUARE | CARLINVILLE, IL 62626 | 217.854.2674
www.cnbil.com