

# BANCNOTES

C&N'S THIRD QUARTER REPORT

CITIZENS&NORTHERN  
CORPORATION

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Dear Shareholder:

Each quarter presents unique circumstances in the financial services landscape and the third quarter of 2023 was no exception. Since the Fed began raising rates, our teams have demonstrated resilience by leaning into challenges and working together to uphold our mission of creating value for our customers, shareholders and communities.

The Fed raised the overnight rate by 0.25% to 5.25% - 5.50% at its July meeting and the yield curve remains inverted. Rates out to one year remain near 5.50%, the 2-year rate is just above 5.00% and the 10-year bond has been trading between 4.50% and 5.00% over the past month. Economic data remains positive with resilient consumer spending, low unemployment and stable-to-increasing housing prices. Year-over-year inflation was 3.7% in September and is trending downward but remains above the Fed's long-term target of 2.0%. This combination of factors is creating uncertainty around further rate hikes prior to year-end and into 2024. In addition, international events and lack of leadership at a national level are producing volatility across financial markets.

Our focus on deposits has been successful as overall balances stabilized during the third quarter. Total deposits, excluding brokered deposits, increased at an annualized rate of 4.7% from June 30 to September 30, 2023. While demand has softened, total loans also showed growth during the quarter,

increasing at an annualized rate of 3.6%. Importantly, we have maintained our strong credit discipline in this uncertain environment and our credit metrics remain solid.

The net interest margin (NIM), while below the second quarter of 2023 and the third quarter of 2022, was stable during July, August and September of 2023. The decrease quarter-over-quarter reflects the current rate environment. However, we have momentary stability at current rate levels.

As a result of the Team's good work on deposits and the managed level of loan growth, C&N's liquidity position remains very strong. Access to funding through the FHLB and Federal Reserve is substantial, and we have made effective use of other programs that help manage customer balances beyond FDIC insurance limits.

Throughout 2023, we have viewed the disruptions in the market as opportunities to create value and continue to grow customer relationships. These opportunities are unique to each market. Our regional structure allows us to respond quickly to meet needs and/or challenges, while the strength of C&N's broader institutional resources provides capacity to deliver solutions. We continue to invest in these resources

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# COMMUNITY & COMMITMENT

## Ampersand Day: A Celebration of Kindness & Community

On Ampersand Day, C&N teammates across our footprint embraced the spirit of giving, by surprising our Giving Back, Giving Together partnering organizations with acts of kindness.



## KINDNESS INSPIRES

C&N also hosted an online contest encouraging community members to share their acts of kindness. Michelle from East Smithfield was randomly selected as the winner, receiving \$500. In the spirit of Ampersand Day, she chose Friends of the Bradford County Library to also receive a \$500 charity donation. Michelle hoped that by selecting the Friends of the Bradford County Library, others would be inspired to join the cause and support this wonderful organization.

## AMPERSAND DAY: A DAY TO REMEMBER

Ampersand Day at C&N was a resounding success, reminding us all of the power of kindness and community support. Together, we can make a difference in the lives of others, building stronger communities and creating a brighter future for all.



## KINDNESS CONNECTS

At Pickering Manor, Russell Dunhock and Tyler Leon personally delivered a supersized Connect 4 game to brighten the lives of residents and staff. The game brought people together, facilitating laughter & camaraderie.

## KINDNESS EMPOWERS

Our Troy team delivered lunch to the Canton Senior Center, complete with sandwiches, potato salad, macaroni & cheese, chips and cookies! They also stepped up & mowed their lawn.



## KINDNESS UNITES

The Coudersport team hosted a pizza party and raffle event at the local senior center. The team brought in raffle items and homemade baked goods to share.

## KINDNESS TRANSFORMS

In Emporium, baskets filled with essential items were delivered to the Emporium & Driftwood Senior Centers. These gifts provided much-needed relief to seniors in need, demonstrating C&N's commitment to caring for its community.



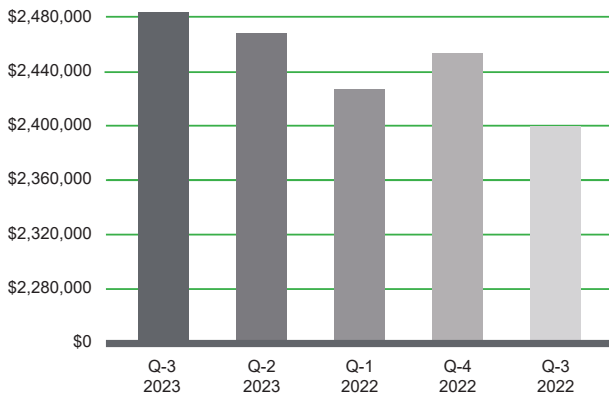


# DOLLARS&SENSE

Below are unaudited financial highlights. Additional details on our Third Quarter financial results can be found on the Investor Relations section of our website section by scanning the QR code or visiting [cnbankpa.com/bancnotes](http://cnbankpa.com/bancnotes). The full unaudited financial results press release is available at [cnbankpa.com/Press-Releases](http://cnbankpa.com/Press-Releases).



## TOTAL ASSETS (In Thousands)



## TABLE INFORMATION

	Q-3 2023	Q-2 2023	Q-1 2023	Q-4 2022	Q-3 2022
Total Assets	\$2,483,949	\$2,470,780	\$2,429,872	\$2,454,307	\$2,400,180

## Q3 HIGHLIGHTS (In Thousands, Except Per Share Data)

	Q-3 2023	Q-3 2022	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$7,591	\$4,455	\$3,136	70.39%
Net Income - Diluted Per Share	\$0.50	\$0.29	\$0.21	72.41%
Dividends Per Share	\$0.28	\$0.28	\$0.00	0.00%
Loans, net	\$1,812,585	\$1,674,076	138,509	8.27%
Total Assets	\$2,483,949	\$2,400,180	\$83,769	3.49%
Deposits	\$2,024,997	\$2,039,595	(\$14,598)	(0.72%)
Total Stockholders' Equity	\$240,205	\$238,789	\$1,416	0.59%

## Citizens & Northern Corporation (NASDAQ: CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
9.29.23	\$17.72	\$17.90	\$17.50	\$17.55	13,700

## 9 MONTHS ENDED (In Thousands, Except Per Share Data)

	SEPT. 30, 2023	SEPT. 30, 2022	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$19,887	\$18,839	\$1,048	5.56%
Net Income - Diluted Per Share	\$1.29	\$1.21	\$0.08	6.61%
Dividends Per Share	\$0.84	\$0.84	\$0.00	0.00%



# TRUST&PROTECT

## Trust&Protect: A 4-Part Guide to Financial Safety

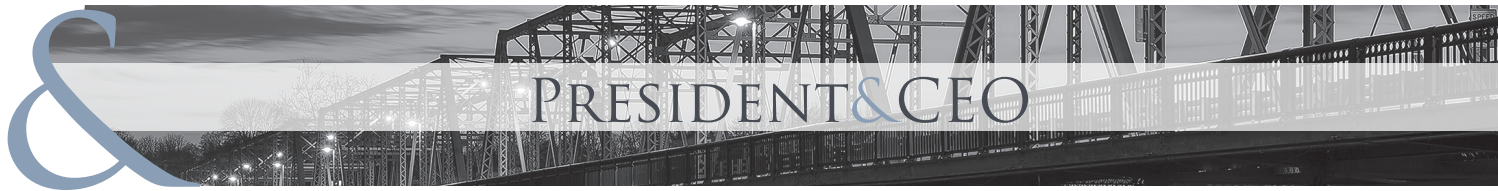
Trust&Protect is our 4-part guide to financial safety designed to provide you with peace of mind. In this series, we'll address how banks keep your money safe, what you can do to safeguard your information online, how to identify cybersecurity scams and steps you can take to avoid misinformation that can lead to financial loss.



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as we work to develop our talented Team and leverage investments in systems and technology that improve both the customer and employee experiences.

Our Giving Back Giving Together (GBGT) program to support the community turned its focus to our seniors in need beginning in July. In addition to the 8th Annual C&N Charity Golf Classic held in September, one of the highlights this quarter was the success of fundraising efforts in our Bradford County Region. The East Smithfield and Troy teams made the most of our annual Ampersand Day celebration by sharing acts

of kindness with their community senior centers and facilities.

From delivering lunches to mowing lawns to presenting thoughtfully curated gift baskets, we saw our Team go the extra mile for their communities. Since June, our organization has collectively raised an impressive \$13,469.00 which will go to support local seniors.

On September 25, 2023, C&N announced the approval of a new treasury stock repurchase program. Under this newly approved program, the Company is authorized to repurchase up to 750,000 shares of its common stock, or slightly less than 5% of its issued and outstanding shares.

Subsequently, on October 20, 2023, C&N's Board of Directors declared a regular quarterly cash dividend of \$.28 per share payable on November 10, 2023, to shareholders of record as of October 30, 2023. This represents a 6.38% annualized yield on C&N common stock based on the September 30, 2023, closing price of \$17.55 per share. We feel strongly that these actions support creating long-term value for our shareholders.

As always, we thank you for your ongoing support of C&N.

J. Bradley Scovill  
President and CEO