

BANCNOTES

C&N'S FOURTH QUARTER REPORT

CITIZENS&NORTHERN
CORPORATION

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Dear Shareholder:

C&N's financial performance during the fourth quarter was solid as we closed out 2023. Fourth quarter net income was \$4,261,000, or \$.28 diluted earnings per share as compared to \$.50 per share in both the third quarter of 2023 and fourth quarter of 2022. Current quarter results include a net charge to earnings of \$.08 per share, as a result of repositioning a portion of our securities portfolio and investments in bank-owned life insurance (BOLI). We expect to recover this charge in less than one year through favorable reinvestment.

Rising interest rates and bank closures during early 2023 impacted the industry and C&N throughout the year. Net interest margins, a key driver of earnings, were compressed as the cost of funds increased and loan demand softened in this environment.

Our net interest margin was 3.31% in the fourth quarter as compared to 3.35% in the third quarter of 2023 and 3.89% in the fourth quarter of 2022. In the fourth quarter, we also continued to build relationships and grow thoughtfully as average loans and deposits increased at annualized rates of 4.3% and 5.4%, respectively. Trust assets under management increased by 5.3% during the quarter to \$1.19 billion. Further, credit quality remained strong and steady, as did the level of uninsured and uncollateralized deposits.

C&N's history of maintaining a strong capital position continued as we exceeded all regulatory capital requirements. During the third quarter of 2023, we announced a new treasury stock repurchase program authorizing the purchase of up to 750,000 shares of common stock. No shares were purchased under the program during the fourth quarter.

The fourth quarter also saw us leaning into the promises we make to our customers, taking time to measure and evaluate how we create value by delivering a great C&N experience, whether in branch or online. This customer feedback will drive ongoing improvements across our company as we work to make it simple and easy to establish and grow a relationship with C&N.

During the Holiday season, our community-focused C&N teammates spread cheer to local seniors by serving meals, visiting care facilities, and collecting donations for our Giving Back Giving Together initiative. Since June, our teams have raised over \$50,000 to our annual cause, halfway to our \$100,00 goal! C&N is partnered with 33 local senior organizations on their mission, and our teams will continue to support this cause across all markets in 2024!

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**Applaud&Appreciate:
Impactful Awards**

At C&N, awards aren't just accolades, they're celebrations of our shared spark. We shine light on teammates who crush goals, and live our values. These teammates are the heartbeat of C&N. Here's to brighter days, bolder achievements, and the unbreakable bonds we forge together. This is C&N's applause, loud and proud.



BEST TEAM PARTNER AWARD

Training & Development Team



BEST TEAM PARTNER AWARD

Accounting Team

IMPACTFUL AWARDS

**SPIRIT OF SERVICE
AWARD**



Brittany Weiskopff
*(left), Executive Assistant,
Wellsboro, presented
by Hal Hoose.*



Jessica Walton
*(right), Trust Administrator,
Sayre, presented
by Tom Rudy.*

**SPIRIT OF SERVICE
AWARD**



Phylis Jensen
*(right), AVP - Retail Operations
Coordinator, Wellsboro,
presented by Cassie Brelo.*

**TOP PERFORMING
TEAM**



Commercial Lending Team
*accepted on behalf of the team
by Kelley A. Cwiklinski, Chief
Commercial Lending Officer*

**ACHIEVEMENT
AWARD**



Joselyn Remphrey
*(right), Retail Operations
Coordinator, Muncy
presented by Tom Rudy.*

**TOP PERFORMER
AWARD**



Tracy Merrick
*(left), Universal Client Contact
Specialist, Wellsboro,
presented by Hal Hoose.*

Below are unaudited financial highlights. Additional details on our Fourth 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. The full unaudited financial results press release is available at cnbankpa.com/Press-Releases.

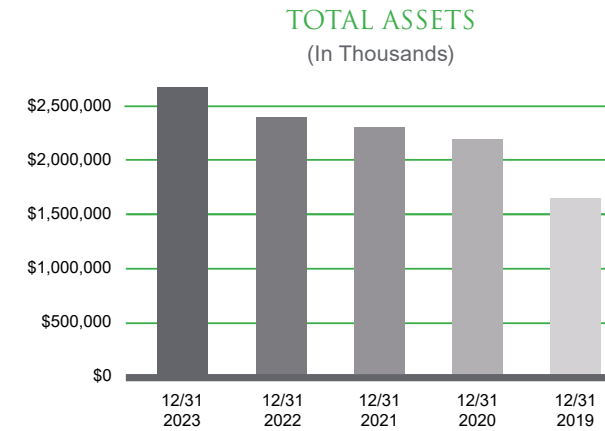


TABLE INFORMATION
(In Thousands)

	12/31 2023	12/31 2022	12/31 2021	12/31 2020	12/31 2019
Total Assets	\$2,515,584	\$2,454,307	\$2,327,648	\$2,239,100	\$1,654,145

Q4 HIGHLIGHTS
(In Thousands, Except Per Share Data)

	Q-4 2023	Q-4 2022	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$4,261	\$7,779	(\$3,518)	(45.22%)
Net Income - Diluted Per Share	\$0.28	\$0.50	(\$0.22)	(44.00%)
Dividends Per Share	\$0.28	\$0.28	\$0.00	0.00%

YEARS ENDED
(In Thousands, Except Per Share Data)

	12/31 2023	12/31 2022	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Total Assets	\$2,515,584	\$2,454,307	\$61,277	2.50%
Net Income	\$24,148	\$26,618	(\$2,470)	(9.28)%
Net Income - Diluted Per Share	\$1.57	\$1.71	(\$0.14)	(8.19)%
Dividends Per Share	\$1.12	\$1.12	\$0.00	0.00%

Citizens & Northern Corporation (CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
12.29.23	22.45	22.67	22.26	22.43	16,100

TRUST&PROTECT

Protect Your Wallet: How the "Pay Yourself" Scam Works

A cunning new scam called "Pay Yourself" is worming its way into unsuspecting bank accounts.

Step One: You reply to a fake fraud text alert. It looks like it's from your bank or your peer-to-peer (P2P) payment app (PeoplePay, Zelle, Venmo, ApplePay) but it's a scammer impersonating them.

Step Two: The scammer calls you. Pretending to be the fraud department, they'll ask you to sign into your P2P app and tell

them the one-time passcode you receive.

Step three: They ask you to send money to yourself. Using your passcode, they added their bank account to your P2P account to receive your money.

Step Four: Bye-bye money. Once you click send, the money is transferred to their account and the scam is complete.

Remember, legitimate banks will never ask you to "pay yourself" or for your passcode to rectify fraudulent activity. Stay vigilant, verify directly with your bank at

their official number, and never share sensitive information with unsolicited contacts. Don't fall for the "Pay Yourself" trap – keep your hard-earned money safe!



c/o American Stock Transfer
& Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219



PRESIDENT&CEO

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We also had a record year for our financial literacy programs, reaching over 1,700 students with our Teach Children to Save and Get Smart About Credit in-school presentations. These achievements reflect our unwavering commitment to financial education and community engagement.

As we close out 2023, we reflect on the strength of our regional business model and focus on creating value through lifelong relationships that have built a foundation for continued growth. The resilience of this model was evident during the challenges of the past year. We will

continue this steady course in 2024 as we expect many opportunities to expand and attract relationships in all business lines and regions in the year ahead.

As a reflection of this strength and confidence in the future, on January 18th, 2024, C&N's Board of Directors declared a regular quarterly cash dividend of \$.28 per share payable on February 9th, 2024, to shareholders of record as of January 29th, 2024. This represents a 4.99% annualized yield on C&N common stock based on the December 31, 2023, closing price of \$22.43 per share.

Thanks to our teams for their engagement and resilience. Throughout 2023, they remained focused on creating value for our customers and reaffirmed our commitment to serving the community, while generating lasting value for you, our shareholders.

We thank you as well for your ongoing support and look forward to a successful year ahead.

J. Bradley Scovill
President and CEO