

BANCNOTES



CITIZENS&NORTHERN
CORPORATION

C&N'S SECOND QUARTER REPORT

DEAR SHAREHOLDER:

Building on the momentum of our 160th Birthday celebration in March, a milestone highlighted by our presence at the NASDAQ opening bell ceremony, our quarter two yielded strong results and continued dedication from our teammates to bring value.

The operating environment remains difficult following rate hikes that began in 2022 and the impact of the 2023 bank failures. While inflation is moderating from historically elevated levels, the yield curve remains inverted, economic activity is positive but softening, labor markets remain tight, and deposit competition intense.

“C&N'S FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2024 SHOWED PROGRESS IN SOME KEY AREAS.”

June's inflation and employment reports bolstered investor confidence that the Fed will begin easing rates during 2024, projecting an initial .25% rate cut in September with one or more additional cuts in the fourth quarter. Assuming this easing of monetary policy takes place, the pace of rate reductions will depend on future economic data, but it will take some time to return to a positively sloped yield curve. With this backdrop, C&N's financial results for the second quarter of 2024 showed progress in some key areas.

Net income was \$6,113,000, or \$0.40 diluted earnings per share for the second quarter 2024, up from \$5,306,000, or \$0.35 per diluted share in the first quarter 2024 and \$6,043,000, or \$0.39 per diluted share in the second quarter 2023.

Net interest margin is a critical driver of earnings and has been under pressure during the past year. In the second quarter our margin increased modestly to 3.31% from 3.29% in the first quarter as a result of solid loan growth and continued focus on sustaining and growing deposits. Net loans increased \$20 million, or an annual rate of 4.4% from the end of the first quarter, to \$1.87 billion on June 30. Deposit growth exceeded loan growth during the quarter as balances increased \$63 million, or an annual rate of 12.7%, to \$2.06 billion. Our improved digital account origination platform went live last quarter, offering convenient online account opening for businesses and consumers. This platform materially enhances our online channel and future growth potential, complementing the in-person experience currently delivered by our team.

While we worked to gain some momentum with the margin, noninterest income growth during the quarter was strong, building on results in the first quarter. Noninterest income increased \$1.2 million or 18.3% in the second quarter 2024 as compared to second quarter 2023 and increased \$2.3 million or 18.7% for the first six months of 2024 as compared to the first six months of 2023. Our wealth management team is delivering strong 2024 results, gains from sale of mortgage loans doubled year-to-date, and BOLI (Bank Owned Life Insurance) income increased because of investments made in late 2023.

We remain positive about the progress we are making in the wealth management business as fiduciary and brokerage revenues have been strong, due to both market

(Continued on page 4)

Connect with us:

Client Care Center:
1.877.838.2517

C&N Financial Services:
1.866.ASK.CNFS

Wealth Management:
1.800.487.8784



BUSINESS & CULTURE

OVER \$98,000 RAISED FOR LOCAL SENIORS

Our 2023 Giving Back, Giving Together program was another resounding success thanks to the incredible efforts of our team members. From June 2023 to May 2024, we rallied behind a cause close to many of our hearts – supporting local senior citizens.

Knowing that seniors face unique challenges, we partnered with 22 local organizations dedicated to improving the lives of older adults. This strong network of partners allowed C&N to make a significant impact on the lives of countless senior citizens across our communities, and we're proud of the difference we made.

Through a combination of fundraising efforts, donation drives and volunteer work, C&N teammates surpassed all goals. Here's a glimpse of what we accomplished:



MONETARY DONATIONS
\$98,019.04



ITEM DONATIONS
3,022



VOLUNTEER HOURS
166



GIVING BACK, GIVING TOGETHER

by the numbers since 2015

\$743,731.83
Monetary Donations

1,649
Volunteer Hours

42,209
Item Donations

Learn more at
cnbankpa.com/GBGT



C&N TEAMMATES JOIN THE FIGHT AGAINST CANCER

This year, the spirit of giving at C&N took a powerful turn. In June 2024, we launched the next initiative for Giving Back, Giving Together, Standing Strong Against Cancer. Together, we're aiming to create a world where everyone impacted by this disease feels supported, empowered, and hopeful.

Here's how you can help:

- Visit our donation page at givebutter.com/Standing-Strong-Against-Cancer
- Share & Like C&N's [#GivingBackGivingTogether](https://www.facebook.com/C&N) Facebook posts. We'll donate \$1 for every like, share and comment.
- Spread the word & help us generate awareness!



Our Partnering Organizations

- **Ann B. Barshinger Cancer Institute**
Lancaster, PA
- **Cancer Services Program**
Hornell, NY
- **Humble Bumble**
Middlebury Center, PA
- **Kids Can't Fight Cancer Alone**
Bradford, Tioga, & Sullivan Counties, PA
- **Kin Wellness & Support**
Bucks County, PA
- **Main Street**
Doylestown, PA
- **Pinktober & Christmas Benefit**
Emporium, PA
- **Paternostro Cancer Foundation**
Williamsport, PA
- **Callie Cares**
Williamsport, PA

DOLLARS&SENSE



Below are unaudited financial highlights. Additional details on our Second 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.

TOTAL ASSETS (In Thousands)

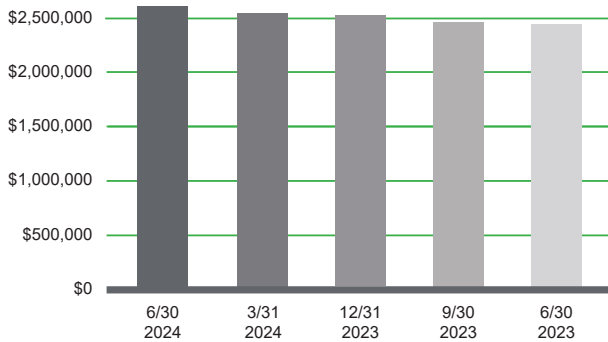


TABLE INFORMATION (In Thousands)

	6/30 2024	3/31 2024	12/31 2023	9/30 2023	6/30 2023
Total Assets	\$2,593,122	\$2,521,537	\$2,515,584	\$2,483,949	\$2,470,780

Q2 HIGHLIGHTS (In Thousands, Except Per Share Data)

	Q-2 2024	Q-2 2023	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$6,113	\$6,043	\$70	1.16%
Net Income Diluted Per Share	\$0.40	\$0.39	\$0.01	2.56%
Dividends Per Share	\$0.28	\$0.28	\$0.00	0.00%
Loans, Net	\$1,872,825	\$1,795,454	\$77,371	4.31%
Total Assets	\$2,593,122	\$2,470,780	\$122,342	4.95%
Deposits	\$2,059,309	\$2,010,118	\$49,191	2.45%
Total Stockholders' Equity	\$263,221	\$248,117	\$15,104	6.09%

Citizens & Northern Corporation (CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
6/28/24	17.53	17.90	17.45	17.89	128,000

NEW & EXCITING

MONEY ARMOR: CREATING A SAFER DIGITAL FUTURE FOR ALL



C&N is proud to introduce MoneyArmor, your complete defense system designed to keep you and your loved ones safe in the digital age.

This comprehensive suite of resources is tailored for every lifestage and financial need, equipping you with knowledge and tools to fight cybercrime and protect against fraud.



Learn more at

cnbankpa.com/MoneyArmor

Protecting Your Financial Journey

- **Age-Specific Education:** Fun activities for children, financial literacy for teens, and practical tips for adults and seniors.
- **Dedicated Business Solutions:** Expert insights, advanced security tools, and personalized support to safeguard your company.

Visit our website or stop by your nearest C&N office to learn more about how MoneyArmor can help safeguard your financial future.

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

BANCNOTES

C&N'S SECOND QUARTER REPORT

(continued from cover page)

appreciation and sales activity. We have solidified the team across disciplines and regions and are particularly excited about the expansion of our retirement plan services capabilities and additions to the team in Bradford County. Similarly, in the residential mortgage business, we have seen a bit more activity recently and we are preparing to expand the product line to meet market opportunities and drive future growth.

C&N has made significant investments in technology to support an enhanced customer experience and our plans for growth. We are now emphasizing ways to more efficiently use these platforms and technologies to improve processes and expect to moderate

the pace of additional investments. Noninterest expenses are beginning to reflect this shift as second quarter 2024 versus second quarter 2023 expense growth was 2.85% and year-to-date expenses were essentially unchanged compared to the first six months of 2023.

We continue making strides in our communities, too. In June, we completed our Giving Back, Giving Together cause of Supporting Seniors, with over \$98,000 in donations. Our next initiative is Standing Strong Against Cancer. Through this effort, we will support local cancer patients, partnering with regional organizations to collect donations and raise awareness. Please see the

“Business&Culture” section of this letter for a full update.

Finally, on July 18, 2024, C&N's Board of Directors declared a regular quarterly cash dividend of \$0.28 per share, payable on August 9, 2024, to shareholders on record as of July 29, 2024.

As we pivot now to the final half of the year, we are grateful for your continued confidence and partnership with C&N.

Thank you,



J. Bradley Scovill
President and CEO