

BANCNOTES

C&N'S FIRST QUARTER REPORT

CITIZENS&NORTHERN
CORPORATION

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Dear Shareholder:

During the transition from 2022 into early 2023, the Federal Reserve continued to raise interest rates to battle inflation while economists debated the likelihood of a recession. With mixed data as to the strength of the economy, moderated inflation and an inverted yield curve, there was sentiment that the Fed might be nearing the end of its tightening policy. Then in mid-March, Silicon Valley Bank (SVB) and Signature Bank were closed and ultimately liquidated by regulators. Depositors, fearful of liquidity, moved large amounts of funds and challenged bankers to restore confidence in our individual institutions and the banking system at large.

The U.S. government took swift measures to reassure taxpayers and limit fallout from these institutions by guaranteeing all of these banks' deposits and making accounts accessible to customers. While concerns linger, the initial churn of deposits has subsided, and a review of the causes is underway.

Meanwhile, the C&N team also took action to reinforce the confidence you've placed in us as your trusted, hometown bank. Given the ongoing narrative regarding these issues, I would like to address any lingering questions about their impact on C&N by highlighting some important points:

- C&N has always been a strong, well-capitalized bank with an excellent risk profile.
- We have a diverse funding base which is generated in our local communities and doesn't rely on a few large depositors or face funding concentration risk.
- We maintain a much lower level of uninsured deposits than the banks mentioned above, with a vast majority of our customers covered by FDIC insurance. As of March 31, 2023, C&N uninsured deposits percentage was 31.7%, compared to year-end 2022 levels of 86.4% and 89.7% for SVB and Signature Bank, respectively.
- As part of our ongoing risk management practices, C&N maintains ample sources of liquidity in the form of credit facilities with the Federal Home Loan Bank of Pittsburgh, the Federal Reserve Bank of Philadelphia, and other banks; and unpledged available-for-sale securities. As of March 31, 2023, the unused, available portion of these liquidity facilities totaled an excess of 69.9% over the estimated amount of uninsured deposits.

C&N's reputation for strength and value was demonstrated by our first quarter performance. Net income was \$6,253,000 or \$.40 per share as we experienced continued growth in the loan portfolio

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INSPIRE & INNOVATE

Women & Leadership

C&N was proudly represented by this group of women at the annual Pennsylvania Bankers Association's Women in Banking Conference, held on March 12th and 13th at the Hershey Lodge in Hershey, PA.

Each year, C&N awards the recipients of the Teri L. Mitchell Memorial Scholarship with paid attendance to the conference. This year's recipients were:

- **Samantha Pecynski**, Compliance Specialist
- **Kristen Summerson**, Certified Personal Banker

- **Lindsay Bickley**, Internal Communications Coordinator
- **Maria Ryan**, Sayre Community Office Manager
- **Jessika Garner**, Deposit Operations Specialist
- **Rachel Brill**, Regional Mortgage Loan Originator

The event featured an impressive showcase of influential women speakers. Discussions included navigating leadership roles, finding a mentor, and how to have powerful, effective conversations. For more information, visit the PA Women in Banking Conference Website at pabankers.com/WomenInBankingConf.



Pictured left to right: Samantha Pecynski; Stacey Sickler (SVP, Director of Mortgage Lending); Tracy Watkins (EVP, Chief Human Resource Officer and a founding committee member of the conference); Kristen Summerson; Lindsay Bickley; Maria Ryan; Jessika Garner; Rachel Brill.



TRUST & PROTECT

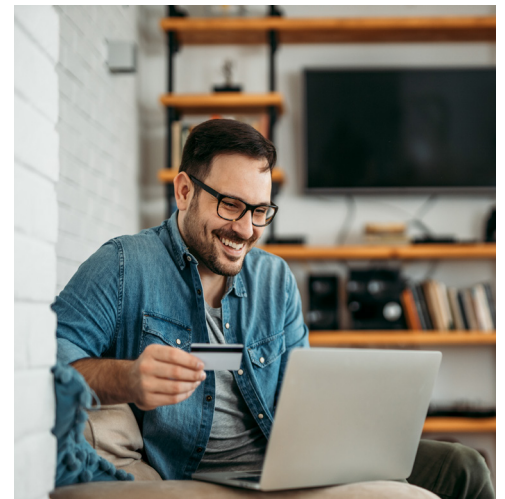
Preventing Identity Theft

According to Pew Research Center, almost 30% of Americans have experienced some form of major identity theft within the past year alone. As fraud and scams continue to grow and become more sophisticated, it becomes an even more crucial piece in protecting the financial well-being of C&N customers. We are committed to providing the necessary tools and resources to help safeguard accounts against fraudulent activity.

One way we are doing this is by leveraging our partnership with Carefull®, a service that can be

added to any C&N account at no cost to the customer. Carefull® provides up to a million dollars in fraud protection and real-time account monitoring, giving you peace of mind in knowing that your accounts are being monitored for any suspicious activity.

In addition to our partnership with Carefull®, we also share #FiscalFriday articles on financial topics, including fraud and cybersecurity. We believe that education is key to preventing fraud, and are committed to keeping our C&N community informed and up-to-date on the latest fraud prevention techniques.



Together, we can work to prevent fraud and protect everyone's financial future.



DOLLARS&SENSE

Below are unaudited financial highlights. Additional details on our First Quarter financial results can be found on the Investor Relations 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)

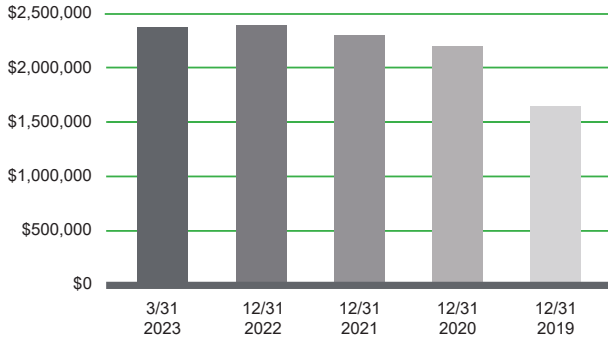


TABLE INFORMATION (In Thousands)

	3/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total Assets	\$2,429,872	\$2,454,307	\$2,327,648	\$2,239,100	\$1,654,145

Q1 HIGHLIGHTS (In Thousands, Except Per Share Data)

	Q-1 2023	Q-1 2022	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$6,253	\$6,895	(\$642)	(9.31%)
Net Income - Diluted Per Share	\$0.40	\$0.44	(\$0.04)	(9.09%)
Dividend Per Share	\$0.28	\$0.28	\$0.00	0.00%
Loans, Net	\$1,726,793	\$1,523,919	\$202,874	13.31%
Total Assets	\$2,429,872	\$2,330,371	\$99,501	4.27%
Deposits	\$1,916,040	\$1,960,952	(\$44,912)	(2.29%)
Total Stockholders' Equity	\$255,568	\$276,208	(\$20,640)	(7.47%)

Citizens & Northern Corporation (NASDAQ: CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
3.31.23	\$21.12	\$21.86	\$21.05	\$21.38	65,200



COMMUNITY&COMMITMENT

Take Control of Your Money This Financial Literacy Month

Teaching children the value of saving money is a crucial life skill that will benefit them well into adulthood. As a community bank, we have a unique opportunity to help promote financial literacy among our younger customers and encourage them to establish good saving habits.

This month, our teams also connect with local schools and youth groups to present the ABA's "Teach Children to Save."

Historically, our teams reach an average of 1,200 children each year.

Teaching children the importance of saving and supporting financial education in our communities is a vital part of our role as a community bank. We encourage all of our customers to participate in financial literacy programs and to take advantage of the resources and tools we offer to help them achieve their financial goals.



Together, we can build a stronger, more financially secure community for future generations.

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



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and actively managed the mix of deposits and other funding sources. Nonperforming loans decreased by approximately 40% from December 31, 2022. We remained on track with investments in people and technology that will enhance the customer and employee experience, creating long-term value for our shareholders.

In January, Kelly Cwiklinski joined the Executive Team, promoted to Chief Commercial Lending Officer. Kelley's expertise, along with plans to elevate our digital lending platforms for small business customers, will be key to growth in

our Southeast and Southcentral regions.

We strengthened the Human Resources team with the promotion of Cody Bowen to Talent Acquisition and Development Manager, Dusty Zehn to Employee Development Manager and Jonathan Grissinger to Total Rewards Manager. These appointments will ensure we're attracting and retaining top talent as we look to future growth.

Finally, on April 20, 2023, the board declared a regular quarterly cash dividend of \$.28 per share payable on May 12, 2023 to

shareholders of record as of May 1, 2023. This represents a 5.24% annualized yield on C&N common stock based on the March 31, 2023 closing price of \$21.38, and confirms our belief in the strength of our Company as we focus on creating value in the years ahead. I encourage you to reach out to me or other members of our Team with questions as we are here to create value, particularly in challenging times. And, as always, we appreciate your support!

J. Bradley Scovill
President and CEO