



BANCNOTES

C&N QUARTERLY REPORT :: OCTOBER 2022

CITIZENS&NORTHERN CORPORATION

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PRESIDENT & CEO

Dear Shareholder:

“It takes a village,” is a simple, yet powerful expression. By acknowledging the roles we play in our local networks, every neighbor, business and partner can improve and strengthen the future of our communities by working together to accomplish our shared goals.

C&N embraces the role we play in our communities with pride by dedicating resources to unique and important initiatives that help our customers, communities and teammates to successfully navigate challenges. Doing so requires maintaining our historically strong financial position which we supported with a solid performance in the third quarter of 2022.

The decade leading up to the pandemic was marked by low-interest rates, modest inflation and slow but steady economic growth. Now, we’re seeing that landscape change in a post-COVID world. Increasing interest rates, high inflation, questions about future economic growth, a potential recession and a challenging political discourse are obstacles that we will continue to face in the year ahead.

Supply chain challenges are abating but remain disruptive in some areas. Despite the current volatility, economic activity in our markets was solid as C&N produced strong loan growth again—a testament to our relationship-based, value-driven business model. Core deposit pricing lagged behind the Fed’s repeated actions to raise short-term rates. The combination of loan growth and deposit pricing supported our net interest margin, offsetting a portion of the decreased revenue from residential mortgage sales and PPP, and increased expenses. Fundamentally, it was another solid quarter with continued investments in a future capacity related to technology, infrastructure and talent development. Credit quality metrics remained strong with the exception of one loan that was impacted by COVID, for which we made a significant provision at the end of the quarter. Reflecting our ongoing strength, the Board declared a quarterly cash dividend of \$.28 per share to shareholders of record on October 31, 2022, payable November 11, 2022.

(Continued on page 4)

IN THIS ISSUE

COMMUNITY COMMITMENT C&N Teammates Teach Local Teens About Finances

Each fall, C&N partners with the American Bankers Association to present its annual “Get Smart About Credit” program to local teens.

Page 2

TRUST & PROTECT Are You Cyber Safe?

While it’s likely that you access the internet nearly every single day, that doesn’t mean that you can let your guard down when it comes to your cybersecurity.

Page 2

DOLLARS & SENSE Third Quarter Financial Highlights

View our unaudited financial highlights. For additional details on our performance, visit the Investor Relations section at cnbankpa.com/bancnotes.

Page 3

INSPIRE & INNOVATE C&N Spreads Some Joy During Ampersand Day

On September 8, our C&N teammates celebrated our third annual Ampersand Day.

Page 3



HONOR&SUPPORT

Since 2015, C&N teammates have raised over half a million dollars to support the needs of our local communities through our Giving Back, Giving Together (GBGT) program. In September, C&N earned national recognition by receiving an Honorable Mention in the Community & Economic Development category of the American Bankers Association's Community Commitment Awards. We'd like to thank our teammates for making GBGT the success that it is and congratulate them on being named a national finalist!

COMMUNITY&COMMITMENT

C&N Teammates Teach Local Teens About Finances

Each fall, C&N partners with the American Bankers Association to present its annual "Get Smart About Credit" program to local teens. This program is part of an ongoing effort to teach teens how to manage their money and be prepared for the future.

In its 19th year, Get Smart About Credit is a national campaign that relies on volunteer bankers to visit classrooms and community organizations across the country



Lorri Stocum, a Certified Personal Banker on our Coudersport team presenting the Get Smart About program to teens at the Northern Potter School District.

and teach young people about credit and other important financial lessons. C&N teammates are proud to have connected with over 200 teens throughout our footprint so far.

This year's presentation focused on financial obstacles facing teens,

including saving for the unexpected, paying for college, building good credit habits, managing their money, and protecting their identity.

C&N and the local teams are dedicated to educating the youth

(Continued on page 4)

TRUST&PROTECT

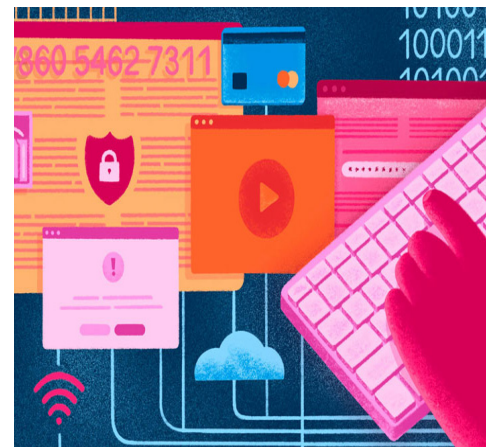
October is Cybersecurity Month: Are You Cyber Safe?

While it's likely that you access the internet nearly every single day, that doesn't mean that you can let your guard down when it comes to cybersecurity.

It's almost impossible to imagine life without electronic devices. How would you keep in touch with your friends, listen to music, watch movies, buy tickets, make payments, or find the information

you need without your phone, tablet, or computer? But as essential as your devices are to the way you live, using them can also expose you to serious problems if you're not following some basic security rules.

Continue reading by visiting grco.de/cybersecurity22 or by scanning the QR code.



Below are unaudited financial highlights. Additional details on our Third Quarter financial results can be found on the Investor Relations section by scanning the QR code or visiting cnbankpa.com/bancnotes.



TOTAL ASSETS (In Thousands)

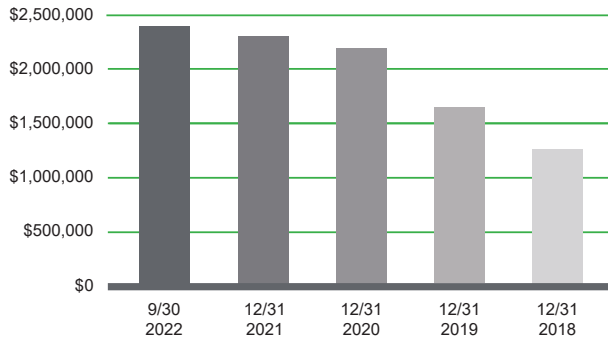


TABLE INFORMATION (In Thousands)

	9/30 2022	12/31 2021	12/31 2020	12/31 2019	12/31 2018
Total Assets	\$2,400,180	\$2,327,648	\$2,239,100	\$1,654,145	\$1,290,893

Q3 HIGHLIGHTS (In Thousands, Except Per Share Data)

	Q-3 2022	Q-3 2021	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Total Assets	\$2,400,180	\$2,354,896	\$45,284	1.92%
Net Income	\$4,455	\$7,399	\$(2,944)	-39.79%
Net Income - Diluted Per Share	\$0.29	\$0.47	\$(0.18)	-38.30%
Dividend Per Share	\$0.28	\$0.28	\$-	0.00%

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

	9/30 2022	9/30 2021	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$18,839	\$23,246	\$(4,407)	-18.96%
Net Income - Diluted Per Share	\$1.21	\$1.46	\$(0.25)	-17.12%
Dividend Per Share	\$0.84	\$0.83	\$0.01	1.20%

Citizens & Northern Corporation (CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
9.30.22	24.80	24.99	24.04	24.18	24,000

INSPIRE&INNOVATE



Our Troy team excited and ready to celebrate Ampersand Day!

C&N Spreads Some Joy During Ampersand Day Celebration

On September 8, our C&N teammates celebrated our third annual Ampersand Day, a day to bring fun & joy & kindness throughout our teams, for our customers who stop by & members of our community.

C&N adopted Ampersand Day as a C&N holiday because the ampersand is central to our brand & our culture. When you think of phrases that use an ampersand, they're joining things together and creating a sense of togetherness.



Our Wellsboro team won the Amper Art competition with this giant ampersand filled with lollipops.



Our Tioga team showing off their Ampersand Day celebration set-up.

With C&N's mission being "Creating value through lifelong relationships," the ampersand is the perfect symbol to represent the relationships we build.

Our in-office celebration included green treats at each location and an "Amper Art" competition between C&N teams, which was won by our Wellsboro team with their 3-foot tall ampersand filled with around 350 lollipops. At the heart of Ampersand

Day is taking care of each other & our community. Each teammate was empowered to do something nice for someone & pass a card to that person encouraging them to "Pay it Forward." Then each time their card was shared on Facebook with the #CNampersandDay, C&N donated \$1 to a local emergency services organization through their Giving Back, Giving Together program.

c/o American Stock Transfer
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INSPIRE&INNOVATE

C&N Teammates Teach Local Teens About Finances

in our communities. “As the financial experts in our communities, we feel it is our responsibility to ensure our children and teens have the tools and resources necessary to successfully manage their finances,” said Caitlin Hilliard, who oversees the program at C&N. In 2022, C&N has educated over 1,100 kids and teens in conjunction with the ABA’s financial education campaigns.

For more information on these programs or to invite our teams to conduct a presentation, visit us at cnbankpa.com/SpeakerSeries. We look forward to the opportunity to bring real-world financial education skills to our local students.

PRESIDENT&CEO

Quarterly Shareholder Letter

(continued from cover page)

The stories we share in this edition of banCNotes underscore the role we play in our communities by building strong relationships that lead to the general success of our customers, friends and neighbors. Our Get Smart About Credit program seeks to prepare young adults for life beyond school through financial knowledge and resources. While Cybersecurity is a priority year-round, during Cybersecurity Month in October, we put an increased emphasis on arming local businesses with tools to mitigate their online vulnerabilities. In celebration of Ampersand Day, we’ve sparked a chain event of paying it forward, one good deed at a time. Additionally, our annual C&N Charity Golf Classic was once again successful, raising over \$24,000 for our Giving Back, Giving

Together program in support of local Volunteer Emergency Services organizations.

As we head into the fourth quarter, we remain focused on reducing friction for our customers and delivering a constantly improving experience, while identifying opportunities to do the same for our teammates internally. Transitioning into 2023 and beyond, we will continue to evaluate new and innovative means to create value with clear and focused priorities. Relying on the strength of our leadership, culture and relationships, C&N remains well-positioned to enhance its role in our “village” for many years to come.



J. Bradley Scovill
President and CEO