

July 21, 2022

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**C&N DECLARES DIVIDEND AND ANNOUNCES SECOND QUARTER 2022 UNAUDITED FINANCIAL RESULTS FOR IMMEDIATE RELEASE:**

**Earnings +8.6% Over the Prior Quarter**

**Average Loan Balances Excluding PPP Up +13.2% and Average Deposit Balances Up +6.5%**

**Wellsboro, PA** – Citizens & Northern Corporation (“C&N”) (NASDAQ: CZNC) announced its most recent dividend declaration and its unaudited, consolidated financial results for the three-month and six-month periods ended June 30, 2022.

**Dividend Declared and Unaudited Financial Information**

On July 21, 2022, C&N’s Board of Directors declared a regular quarterly cash dividend of \$0.28 per share. The dividend is payable on August 12, 2022 to shareholders of record as of August 1, 2022.

Highlights related to C&N’s second quarter and June 30, 2022 year-to-date unaudited U.S. GAAP earnings results as compared to the first quarter 2022 and second quarter of 2021 are presented below.

**Second Quarter 2022 as Compared to First Quarter 2022**

Net income was \$7,489,000 or \$0.48 per diluted share, for the second quarter 2022 as compared to \$6,895,000, or \$0.44 per diluted share, in the first quarter 2022.

- Net interest income totaled \$19,625,000 in the second quarter 2022, down \$707,000 from the first quarter 2022. Total interest and fees on loans from repayments received on purchased credit impaired (PCI) loans in excess of previous carrying amounts totaled \$14,000 in the second quarter 2022, down from \$1,398,000 in the first quarter 2022. Total interest and fees from loans originated under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) were \$206,000 in the second quarter 2022, a decrease of \$369,000 from the first quarter 2022 total of \$575,000. Accretion and amortization of purchase accounting adjustments had a net positive impact on net interest income of \$497,000 in the second quarter 2022 as compared to a net positive impact of \$450,000 in the first quarter 2022. The net interest rate spread decreased 0.26%, as the average yield on earning assets decreased 0.21% to 3.92%, while the average rate on interest-bearing liabilities increased 0.05% to 0.45%. The net interest margin was 3.62% in the second quarter 2022, down from 3.86% in the first quarter 2022. The reduction in net interest margin included the impact of income from excess repayments on PCI loans dropping to a negligible amount in the second quarter from 0.26% of average earning assets in the first quarter. Further, interest and fees on PPP loans amounted to 0.04% of average earning assets in the second quarter, down from 0.11% in the first quarter, while accretion and amortization of purchase accounting adjustments increased to 0.09% in the second quarter from 0.08% in the first quarter. The average balance of loans increased \$41.0 million, or an annualized increase of 10.6% in the second quarter 2022 as compared to the first quarter. Average loans, excluding PPP loans, were up \$50.6 million, or an annualized increase of 13.2%, in the second quarter 2022 as compared to the first quarter. Average total deposits increased \$31.3 million (6.5% annualized) in the second quarter 2022 over the first quarter.
- The provision for loan losses was \$308,000 in the second quarter 2022, a decrease in expense of \$583,000 from the first quarter 2022 provision of \$891,000. The second quarter 2022 provision included a net recovery of \$271,000 related to specific loans (net decrease in specific allowances on loans of \$303,000 offset by net charge-offs of \$32,000), an increase of \$246,000 in the collectively determined portion of the allowance and an increase of \$333,000 in the unallocated portion of the allowance.

- Noninterest income of \$6,830,000 in the second quarter 2022 increased \$1,009,000 from the first quarter 2022 amount. Significant variances included the following:
  - Other noninterest income of \$1,456,000 increased \$868,000 from the first quarter 2022 total, including an increase in income from tax credits of \$795,000. The increase in income from tax credits included credits on the PA Educational Improvement Tax Credit Program donations noted below.
  - Loan Servicing fees, net of \$358,000 increased \$148,000 from the first quarter 2022. The fair value of servicing rights increased \$150,000 in the second quarter 2022 as compared to an increase of \$2,000 in the first quarter 2022 mainly due to changes in assumptions related to prepayments of mortgage loans.
  - Interchange revenue from debit card transactions of \$1,056,000 increased \$93,000 from the first quarter 2022, reflecting an increase in transaction volumes.
  - Service charges on deposit accounts of \$1,322,000 increased \$87,000 from the first quarter 2022, as consumer and business activity increased.
  - Net gains from sales of loans of \$220,000 decreased \$162,000 from the first quarter 2022, reflecting a reduction in volume of residential mortgage loans sold.
  
- Noninterest expense of \$17,039,000 in the second quarter 2022 increased \$153,000 from the first quarter 2022 amount. Significant variances included the following:
  - Other noninterest expense of \$2,431,000 increased \$547,000 from the first quarter 2022 total. Within this category, significant variances included the following:
    - Donations expense totaled \$848,000 in the second quarter 2022, up \$820,000 from the first quarter 2022 total, reflecting an increase in donations of \$800,000 relating to the PA Educational Improvement Tax Credit Program.
    - The allowance for SBA claim adjustments was reduced \$48,000, resulting in a reduction in expense of \$48,000 in the second quarter 2022 as compared to a reduction in expense of \$242,000 in the first quarter 2022.
    - There was a net reduction in other operational losses of \$272,000 in the second quarter 2022, as compared to expense of \$18,000 in the first quarter 2022. Trust Department tax compliance penalties that had been assessed in previous years and accrued in 2020 were abated in the second quarter 2022, resulting in a reduction in expense of \$301,000.
  - Salaries and employee benefits expense of \$10,265,000 decreased \$342,000 from the first quarter 2022 total, reflecting the customary seasonal increase in payroll taxes and related benefit costs in the first quarter.
  - Net occupancy and equipment expense of \$1,308,000 decreased \$103,000 from the first quarter 2022 total, including seasonal decreases in snow removal and fuel costs of \$65,000 and a \$42,000 decrease in minor equipment purchases.
  
- The income tax provision was \$1,618,000, or 17.8% of pre-tax income for the second quarter 2022, up from \$1,483,000, or 17.7% of pre-tax income for the first quarter 2022. The increase in income tax provision reflected the increase in pre-tax income of \$729,000 for the quarter.

## Second Quarter 2022 as Compared to Second Quarter 2021

Second quarter 2022 net income was \$7,489,000, or \$0.48 per diluted share, as compared to \$7,060,000, or \$0.44 per diluted share, in the second quarter 2021. Significant variances were as follows:

- Second quarter 2022 net interest income of \$19,625,000 was \$944,000 higher than the second quarter 2021 total. The net interest rate spread increased 0.10%, as the average yield on earning assets increased 0.07% to 3.92%, while the average rate on interest-bearing liabilities decreased 0.03% to 0.45%. The net interest margin was 3.62% in the second quarter 2022, up from 3.52% in the second quarter 2021. Interest income from available-for-sale debt securities, on a fully taxable-equivalent basis, increased \$984,000 in the second quarter 2022 as compared to the second quarter 2021, as the average balance (at amortized cost) of available-for-sale debt securities increased \$205.2 million. Total interest and fees from loans originated under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) were \$206,000 in the second quarter 2022, a decrease of \$1,043,000 from the second quarter 2021 total of \$1,249,000. Total interest and fees from loans excluding PPP was \$18,309,000 in the second quarter 2022, an increase of \$965,000 from the second quarter 2021 total of \$17,344,000. Accretion and amortization of purchase accounting adjustments had a net positive impact on net interest income of \$497,000 in the second quarter 2022 as compared to a net positive impact of \$713,000 in the second quarter 2021. Average outstanding loans decreased \$18.2 million, as average PPP loans decreased \$116.2 million. Average loans, excluding PPP loans, were up \$98.0 million in the second quarter 2022 over the second quarter 2021, an increase of 6.6%. Average total deposits increased \$44.0 million (2.3%).
- The provision for loan losses was \$308,000 in the second quarter 2022 as compared to \$744,000 in the second quarter 2021. Details concerning the second quarter 2022 provision for loan losses were described previously. The second quarter 2021 provision included a net charge of \$383,000 related to specific loans (net increase in specific allowances on loans of \$353,000 and net charge-offs of \$30,000), an increase of \$367,000 in the collectively determined portion of the allowance and a \$6,000 decrease in the unallocated portion.
- Noninterest income of \$6,830,000 in the second quarter 2022 increased \$530,000 from the second quarter 2021 amount. Significant variances included the following:
  - Other noninterest income of \$1,456,000 increased \$756,000 from the second quarter 2021 total including an increase in income from tax credits of \$795,000. The increase in income from tax credits resulted from a timing difference related to PA Educational Improvement Tax Credit Program donations. In the second quarter 2022, C&N made PA Educational Improvement Tax Credit Program donations totaling \$800,000, comparable to the amount of such donations made in the first quarter 2021 and for which the associated income from tax credits was recognized in the first quarter 2021.
  - Service charges on deposit accounts of \$1,322,000 increased \$249,000 from the second quarter 2021 total, as the volume of consumer and business overdraft and other activity increased.
  - Loan Servicing fees, net of \$358,000 increased \$212,000 from the second quarter 2021. The fair value of servicing rights increased \$150,000 in the second quarter 2022 as compared to a decrease of \$39,000 in the second quarter 2021 mainly due to changes in assumptions related to prepayments of mortgage loans.
  - Net gains from sales of loans of \$220,000 decreased \$705,000 from the second quarter 2021, reflecting a reduction in volume of residential mortgage loans sold.

- Noninterest expense of \$17,039,000 in the second quarter 2022 increased \$1,640,000 from the second quarter 2021 amount. Significant variances included the following:
  - Salaries and employee benefits of \$10,265,000 increased \$766,000 from the second quarter 2021 total, including an increase in base salaries expense of \$774,000. In addition to the impact of merit-based salary increases, the number of employees increased, reflecting expansion of the Southcentral PA market with the opening of an office in Lancaster as well as additions to staffing for information technology (IT), human resources and other functions. In total, the number of full-time equivalent employees (FTEs) increased by 17 (4.4%) to 405 in the second quarter 2022 as compared to the second quarter 2021. Also within this category, there was an increase in health care expense of \$269,000 due to higher claims on C&N's partially self-insured plan. Decreases include a reduction in estimated total cash and stock-based incentive compensation expense of \$234,000 and severance expense of \$233,000 in 2021 with no comparable amount in 2022.
  - Other noninterest expense of \$2,431,000 increased \$680,000 from the second quarter 2021 total. Within this category, significant variances included the following:
    - Donations expense totaled \$848,000 in the second quarter 2022, up \$838,000 from the second quarter 2021 total, including donations relating to the PA Educational Improvement Tax Credit Program as described above.
    - Reductions in the allowance for SBA claim adjustments attributable to more favorable claim results than previously estimated resulted in a reduction in expense of \$48,000 in the second quarter 2022 as compared to a reduction in expense of \$163,000 in the second quarter 2021.
    - There was a net reduction in other operational losses of \$272,000 in the second quarter 2022, as compared to expense of \$26,000 in the second quarter 2021. As noted above, in the second quarter 2022, there was a reduction in expense of \$301,000 from abatement of Trust Department tax compliance penalties that were previously accrued or paid.
  - Data processing and telecommunications of \$1,720,000 increased \$233,000 from the second quarter 2021 total, including the impact of increases in software licensing and maintenance costs as well as costs related to enhancements of data management capabilities.
- The income tax provision of \$1,618,000, or 17.8% of pre-tax income for the second quarter 2022 decreased \$162,000 from \$1,780,000, or 20.1% of pre-tax income for the second quarter 2021. City and state tax provisions totaled \$107,000 in the second quarter 2022, down \$207,000 from the second quarter 2021 amount as the second quarter 2021 total included catch-up adjustments from the previous year and estimates totaling approximately \$100,000 that were reduced in the third quarter. Further, the lower effective tax rate for the second quarter 2022 includes the benefit of the \$301,000 reversal of Trust Department tax compliance penalties being non-taxable.

## Six Months Ended June 30, 2022 as Compared to Six Months Ended June 30, 2021

Net income for the six-month period ended June 30, 2022 was \$14,384,000, or \$0.92 per diluted share, while net income for the first six months of 2021 was \$15,847,000 or \$0.99 per diluted share. Significant variances were as follows:

- For the six-month period ended June 30, 2022, net interest income of \$39,957,000 was \$1,193,000 higher than in the same period in 2021. Interest income from available-for-sale debt securities, on a fully taxable-equivalent basis, increased \$1,944,000 in 2022 as compared to 2021, as the average balance (at amortized cost) of available-for-sale debt securities increased \$202.3 million. Total interest and fees on loans decreased \$1,000,000 in 2022 as compared to 2021. Interest and fees on loans included \$1,412,000 in 2022 and \$18,000 in 2021 from repayments received on purchased credit impaired loans in excess of previous carrying amounts. Total interest and fees from loans originated under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) were \$781,000 in 2022, a decrease of \$2,466,000 from the 2021 total of \$3,247,000. Accretion and amortization of purchase accounting adjustments had a net positive impact on net interest income of \$947,000 in 2022 as compared to a net positive impact of \$1,665,000 in 2021. Average outstanding loans decreased \$52.3 million, including a reduction in average PPP loans of \$118.0 million. Average loans, excluding PPP loans, were up \$65.7 million (4.4%) in the first six months of 2022 as compared to the first six months of 2021. Average total deposits increased \$72.1 million (3.8%) in comparing the first six months of 2022 over the total for the first six months of 2021.
- For the first six months of 2022, the provision for loan losses was \$1,199,000, an increase in expense of \$196,000 as compared to \$1,003,000 recorded in the first six months of 2021. The provision for the first six months of 2022 includes a net recovery of \$124,000 related to specific loans (net decrease in specific allowances on loans of \$313,000 offset by net charge-offs of \$189,000), an increase of \$994,000 in the collectively determined portion of the allowance and a \$329,000 increase in the unallocated portion. In comparison, the provision for loan losses in the first six months of 2021 includes a net charge of \$565,000 related to specific loans (increase in specific allowances on loans of \$552,000 and net charge-offs of \$13,000), an increase of \$352,000 in the collectively determined portion of the allowance and an \$86,000 increase in the unallocated portion.
- Noninterest income of \$12,651,000 for the first six months of 2022 decreased \$431,000 from the total for the first six months of 2021. Significant variances included the following:
  - Net gains from sales of loans of \$602,000 decreased \$1,387,000 reflecting a reduction in volume of residential mortgage loans sold.
  - Service charges on deposit accounts of \$2,557,000 increased \$469,000 as the volume of consumer and business overdraft and other activity increased.
  - Brokerage and insurance revenue of \$1,088,000 increased \$256,000, due to commissions on higher transaction volumes.
  - Loan Servicing fees, net of \$568,000 increased \$174,000, reflecting growth in volume of residential mortgage loans sold with servicing retained. Further, the fair value of servicing rights increased \$152,000 in 2022 as compared to an increase of \$36,000 in 2021 mainly due to changes in assumptions related to prepayments of mortgage loans.

- Noninterest expense of \$33,925,000 for the first six months of 2022 increased \$2,817,000 from the total for the first six months of 2021. Significant variances included the following:
  - Salaries and employee benefits of \$20,872,000 increased \$2,478,000, including an increase in base salaries expense of \$1.8 million reflecting merit-based salary increases and an increase in number of personnel related to expansion as mentioned above. Additional increases include an increase in health care expense of \$445,000 due to higher claims on C&N's partially self-insured plan and, \$267,000 due to a lower portion of payroll costs capitalized (added to the carrying value of loans) due to the high volume of PPP loans originated in 2021. Decreases include a reduction in estimated cash and stock-based incentive compensation expense of \$113,000 and severance expense of \$233,000 in 2021 with no comparable amount in 2022.
  - Data processing and telecommunications of \$3,343,000 increased \$476,000, including the impact of increases in software licensing and maintenance costs as well as costs related to enhancements of data management capabilities.
  - Net occupancy and equipment expense of \$2,719,000 increased \$196,000, including computer supplies and repairs and maintenance related to IT and Digital departments and increases related to a new branch location in Lancaster, PA.
  - Other noninterest expense of \$4,315,000 decreased \$191,000. Within this category, significant variances included the following:
    - There was a reduction in expense for other operational losses of \$254,000 in 2022, down \$403,000 from expense of \$149,000 in 2021, including a reduction in expense in 2022 of \$301,000 from reversal of previously accrued Trust Department tax compliance penalties.
    - The allowance for SBA claim adjustments decreased, reflecting more favorable claim results than previously estimated, resulting in a reduction in expense of \$290,000 in 2022 as compared to a reduction in expense of \$163,000 in 2021.
    - Travel and entertainment expenses totaled \$185,000 in the first six months of 2022, an increase of \$125,000 over 2021.
  - Professional fees of \$969,000 decreased \$176,000, mainly due to decreases in recruiting services and PPP loan processing-related professional fees.
- The income tax provision of \$3,101,000, or 17.7% of pre-tax income for the first six months ended June 30, 2022 decreased \$789,000 from \$3,890,000, or 19.7% of pre-tax income for the first six months ended June 30, 2021. The lower provision in 2022 includes the impact of a reduction in pre-tax income. The lower effective tax rate in 2022 includes the impact of a \$201,000 reduction in city and state tax expense as well as the benefit of the \$301,000 reduction in expense from the reversal of tax penalties being non-taxable.

### **Other Information:**

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$2,410,718,000 at June 30, 2022, up from \$2,330,371,000 at March 31, 2022 and \$2,339,063,000 at June 30, 2021.
- Cash & due from banks totaled \$69,187,000 at June 30, 2022, down from \$114,346,000 at March 31, 2022 and \$208,860,000 at June 30, 2021. The decrease in cash reflects the deployment of otherwise excess cash to available-for-sale securities and loans to enhance net interest income.
- The amortized cost of available-for-sale debt securities increased to \$572,794,000 at June 30, 2022 from \$558,853,000 at March 31, 2022 and \$380,276,000 at June 30, 2021. The increase in the securities portfolio resulted from management's decision to invest excess funds available from growth in deposits and net repayments of loans throughout much of 2021 and the first quarter 2022. The fair value of available-for-sale debt securities at June 30, 2022 was lower than the amortized cost basis by \$45,957,000, or 8.0%. In comparison, the aggregate unrealized loss position was \$25,940,000 (4.6%) at March 31, 2022 and there was an unrealized gain of \$11,605,000 (3.1%) at June 30, 2021. The unrealized decrease in fair value of the portfolio in 2022 has resulted from an increase in interest rates. Management reviewed the available-for-sale debt securities as of June 30, 2022 and concluded there were no credit-related declines in fair value and that the unrealized losses on all of the securities in an unrealized loss position are considered temporary.
- Net loans outstanding (excluding mortgage loans held for sale) were \$1,643,057,000 at June 30, 2022, up 7.8% or 31.3% annualized from \$1,523,919,000 at March 31, 2022 and up 3.6% from \$1,585,481,000 at June 30, 2021. Loans outstanding, excluding PPP loans, totaled \$1,651,352,000 at June 30, 2022, an increase of \$125,539,000 (8.2%) from total loans excluding PPP loans at March 31, 2022 and \$12.4 million or 0.77% of total loans at June 30, 2021. In comparing outstanding balances at June 30, 2022 and 2021, total commercial loans were up \$81.2 million (8.2%), including a reduction in PPP loans of \$104.1 million and an increase in other commercial loans of \$185.2 million, total residential mortgage loans were lower by \$23.4 million (3.9%) and total consumer loans were up \$2.0 million (11.8%). The outstanding balance of residential mortgage loans originated and serviced by C&N that have been sold to third parties was \$336.7 million at June 30, 2022, up \$22.5 million (7.2%) from June 30, 2021.
- Total nonperforming assets as a percentage of total assets was 0.62% at June 30, 2022, down from 0.81% at March 31, 2022 and 1.12% at June 30, 2021. Total nonperforming assets were \$14.8 million at June 30, 2022, down from \$18.9 million at March 31, 2022 and \$26.2 million at June 30, 2021. Similarly, total impaired loans dropped to \$8.6 million at June 30, 2022 from \$12.0 million at March 31, 2022 and \$19.1 million at June 30, 2021.
- The allowance for loan losses was \$14.5 million at June 30, 2022, or 0.88% of total loans as compared to \$14.3 million or 0.93% of total loans at March 31, 2022 and \$12.4 million or 0.77% of total loans at June 30, 2021. In 2020 and 2019, C&N recorded performing loans purchased from other financial institutions at fair value. The calculations of fair value included discounts for credit losses, reflecting an estimate of the present value of credit losses based on market expectations. The total allowance for loan losses and the credit adjustment on purchased performing loans at June 30, 2022 was \$17.0 million, or 1.02% of total loans receivable and the credit adjustment. The comparative ratios were 1.11% at March 31, 2022, and 1.05% at June 30, 2021.
- Deposits totaled \$1,964,270,000 at June 30, 2022, up from \$1,960,952,000 at March 31, 2022 and up 2.5% from \$1,916,809,000 at June 30, 2021.
- Borrowed funds, including Federal Home Loan Bank advances, repurchase agreements, senior notes and subordinated debt, totaled \$166,119,000 at June 30, 2022, up from \$70,686,000 at March 31, 2022 and \$94,087,000 at June 30, 2021. The increase in borrowings provided funding to help support the significant loan growth in the second quarter 2022.

- Total stockholders' equity was \$258,619,000 at June 30, 2022, down from \$276,208,000 at March 31, 2022 and \$304,133,000 at June 30, 2021. Within stockholders' equity, the portion of accumulated other comprehensive (loss) related to available-for-sale debt securities was (\$36,307,000) at June 30, 2022 and (\$20,492,000) at March 31, 2022, as compared to accumulated other comprehensive income of \$9,167,000 at June 30, 2021. The decrease in stockholders' equity at June 30, 2022 related to accumulated other comprehensive (loss) income from available-for-sale debt securities has been caused by recent, significant increases in interest rates. Accumulated other comprehensive income (loss) is excluded from C&N's regulatory capital ratios.
- In February 2021, C&N amended its existing treasury stock repurchase program. Under the amended program, C&N is authorized to repurchase up to 1,000,000 shares of the Corporation's common stock, or 6.25% of the Corporation's issued and outstanding shares at February 18, 2021. In the second quarter 2022, 235,505 shares were repurchased for a total cost of \$5,701,000, at an average price of \$24.21 per share. Cumulatively through June 30, 2022, 664,431 shares have been repurchased for a total cost of \$16,340,000, at an average price of \$24.59 per share.
- Citizens & Northern Bank is subject to various regulatory capital requirements. At June 30, 2022, Citizens & Northern Bank maintains regulatory capital ratios that exceed all capital adequacy requirements. Management expects the Bank to remain well-capitalized for the foreseeable future.
- Trust assets under management by C&N's Wealth Management Group amounted to \$1,055,290,000 at June 30, 2022, down 11.4% from \$1,191,595,000 at March 31, 2022 and 11.5% from \$1,192,928,000 at June 30, 2021. Fluctuations in values of assets under management reflect the impact of recent high market volatility.
- Under U.S. GAAP, interest income on tax-exempt securities and loans are reported at their nominal amounts, with the tax benefit accounted for as a reduction in the income tax provision. The Corporation presents certain analyses and ratios with net interest income determined on a fully taxable-equivalent basis, which are non-GAAP financial measures as presented. The Corporation believes presentation of net interest income on a fully taxable-equivalent basis provides investors with meaningful information for purposes of comparing the returns on tax-exempt securities and loans with returns on taxable securities and loans. The excess of net interest income on a fully taxable-equivalent basis over the amounts reported under U.S. GAAP were \$312,000, \$302,000, \$268,000 for the second quarter 2022, first quarter 2022 and second quarter 2021, respectively. The excess of net interest income over the amounts reported under U.S. GAAP were \$614,000 for the six months ended June 30, 2022 and \$541,000 for the six months ended June 30, 2021.

Citizens & Northern Corporation is the bank holding company for Citizens & Northern Bank, headquartered in Wellsboro, Pennsylvania which operates 31 banking offices located in Bradford, Bucks, Cameron, Chester, Lycoming, McKean, Potter, Sullivan, Tioga, York and Lancaster Counties in Pennsylvania and Steuben County in New York, as well as a loan production office in Elmira, New York. Citizens & Northern Corporation trades on NASDAQ under the symbol "CZNC." For more information about Citizens & Northern Bank and Citizens & Northern Corporation, visit [www.cnbankpa.com](http://www.cnbankpa.com).

**Safe Harbor Statement:** Except for historical information contained herein, the matters discussed in this release are forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the following: changes in monetary and fiscal policies of the Federal Reserve Board and the U.S. Government, particularly related to changes in interest rates; changes in general economic conditions; C&N's credit standards and its on-going credit assessment processes might not protect it from significant credit losses; the effect of the novel coronavirus (COVID-19) and related events; legislative or regulatory changes; downturn in demand for loan, deposit and other financial services in C&N's market area; increased competition from other banks and non-bank providers of financial services; technological changes and increased technology-related costs; information security breach or other technology difficulties or failures; changes in accounting principles, or the application of generally accepted accounting principles; and failure to achieve merger-related synergies and difficulties in integrating the business and operations of acquired institutions. Citizens & Northern disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.



EXHIBIT 99.2 – Supplemental, Unaudited Financial Information

CITIZENS&NORTHERN  
CORPORATION

CONDENSED, CONSOLIDATED EARNINGS INFORMATION  
(Dollars In Thousands, Except Per Share Data)  
(Unaudited)

	2ND QUARTER 2022 (Current)	2ND QUARTER 2021 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 21,309	\$ 20,428	\$ 881	4.31 %
Interest Expense	1,684	1,747	(63)	(3.61)%
Net Interest Income	19,625	18,681	944	5.05 %
Provision for Loan Losses	308	744	(436)	(58.60)%
Net Interest Income After Provision for Loan Losses	19,317	17,937	1,380	7.69 %
Noninterest Income	6,830	6,300	530	8.41 %
Net (Losses) Gains on Available-for-sale Debt Securities	(1)	2	(3)	(150.00)%
Noninterest Expense	17,039	15,399	1,640	10.65 %
Income Before Income Tax Provision	9,107	8,840	267	3.02 %
Income Tax Provision	1,618	1,780	(162)	(9.10)%
<b>Net Income</b>	<b>\$ 7,489</b>	<b>\$ 7,060</b>	<b>\$ 429</b>	<b>6.08 %</b>
<b>Net Income Attributable to Common Shares (1)</b>	<b>\$ 7,419</b>	<b>\$ 6,999</b>	<b>\$ 420</b>	<b>6.00 %</b>
<b>PER COMMON SHARE DATA:</b>				
Net Income - Basic	\$ 0.48	\$ 0.44	\$ 0.04	9.09 %
Net Income - Diluted	\$ 0.48	\$ 0.44	\$ 0.04	9.09 %
Dividends Per Share	\$ 0.28	\$ 0.28	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,441,564	15,868,150		
Number of Shares Used in Computation - Diluted	15,444,573	15,874,983		

	SIX MONTHS ENDED June 30,			
	2022 (Current)	2021 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 43,082	\$ 42,182	\$ 900	2.13 %
Interest Expense	3,125	3,418	(293)	(8.57)%
Net Interest Income	39,957	38,764	1,193	3.08 %
Provision for Loan Losses	1,199	1,003	196	19.54 %
Net Interest Income After Provision for Loan Losses	38,758	37,761	997	2.64 %
Noninterest Income	12,651	13,082	(431)	(3.29)%
Net Gains on Available-for-sale Debt Securities	1	2	(1)	(50.00)%
Noninterest Expense	33,925	31,108	2,817	9.06 %
Income Before Income Tax Provision	17,485	19,737	(2,252)	(11.41)%
Income Tax Provision	3,101	3,890	(789)	(20.28)%
<b>Net Income</b>	<b>\$ 14,384</b>	<b>\$ 15,847</b>	<b>\$ (1,463)</b>	<b>(9.23)%</b>
<b>Net Income Attributable to Common Shares (1)</b>	<b>\$ 14,254</b>	<b>\$ 15,721</b>	<b>\$ (1,467)</b>	<b>(9.33)%</b>
<b>PER COMMON SHARE DATA:</b>				
Net Income - Basic	\$ 0.92	\$ 0.99	\$ (0.07)	(7.07)%
Net Income - Diluted	\$ 0.92	\$ 0.99	\$ (0.07)	(7.07)%
Dividends Per Share	\$ 0.56	\$ 0.55	\$ 0.01	1.82 %
Number of Shares Used in Computation - Basic	15,542,959	15,859,236		
Number of Shares Used in Computation - Diluted	15,546,319	15,865,158		

(1) Basic and diluted net income per common share are determined based on net income less earnings allocated to nonvested restricted shares with nonforfeitable dividends.

**CONDENSED, CONSOLIDATED BALANCE SHEET DATA**  
**(Dollars In Thousands)**  
**(Unaudited)**

	June 30, 2022	June 30, 2021	\$ Incr. (Decr.)	% Incr. (Decr.)
<b>ASSETS</b>				
Cash & Due from Banks	\$ 69,187	\$ 208,860	\$ (139,673)	(66.87)%
Available-for-sale Debt Securities	526,837	391,881	134,956	34.44 %
Loans, Net	1,643,057	1,585,481	57,576	3.63 %
Bank-Owned Life Insurance	30,941	30,391	550	1.81 %
Bank Premises and Equipment, Net	21,829	20,620	1,209	5.86 %
Intangible Assets	55,602	56,088	(486)	(0.87)%
Other Assets	63,265	45,742	17,523	38.31 %
<b>TOTAL ASSETS</b>	<b>\$ 2,410,718</b>	<b>\$ 2,339,063</b>	<b>\$ 71,655</b>	<b>3.06 %</b>
<b>LIABILITIES</b>				
Deposits	\$ 1,964,270	\$ 1,916,809	\$ 47,461	2.48 %
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	126,833	46,450	80,383	173.05 %
Senior Notes, Net	14,733	14,670	63	0.43 %
Subordinated Debt, Net	24,553	32,967	(8,414)	(25.52)%
Other Liabilities	21,710	24,034	(2,324)	(9.67)%
<b>TOTAL LIABILITIES</b>	<b>2,152,099</b>	<b>2,034,930</b>	<b>117,169</b>	<b>5.76 %</b>
<b>STOCKHOLDERS' EQUITY</b>				
Common Stockholders' Equity, Excluding Accumulated				
Other Comprehensive (Loss) Income	294,621	294,857	(236)	(0.08)%
Accumulated Other Comprehensive (Loss) Income:				
Net Unrealized (Losses) Gains on Available-for-sale Debt Securities	(36,307)	9,167	(45,474)	(496.06)%
Defined Benefit Plans	305	109	196	179.82 %
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>258,619</b>	<b>304,133</b>	<b>(45,514)</b>	<b>(14.97)%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 2,410,718</b>	<b>\$ 2,339,063</b>	<b>\$ 71,655</b>	<b>3.06 %</b>

**CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS**  
**(Dollars In Thousands, Except Per Share Data)**  
**(Unaudited)**

	FOR THE THREE MONTHS ENDED June 30,		% INCREASE (DECREASE)
	2022	2021	
<b>EARNINGS PERFORMANCE</b>			
Net Income	\$ 7,489	\$ 7,060	6.08 %
Return on Average Assets (Annualized)	1.28 %	1.21 %	5.79 %
Return on Average Equity (Annualized)	11.29 %	9.36 %	20.62 %

	AS OF OR FOR THE SIX MONTHS ENDED June 30,		% INCREASE (DECREASE)
	2022	2021	
<b>EARNINGS PERFORMANCE</b>			
Net Income	\$ 14,384	\$ 15,847	(9.23)%
Return on Average Assets (Annualized)	1.23 %	1.39 %	(11.51)%
Return on Average Equity (Annualized)	10.29 %	10.54 %	(2.37)%

<b>BALANCE SHEET HIGHLIGHTS</b>			
Total Assets	\$ 2,410,718	\$ 2,339,063	3.06 %
Available-for-Sale Debt Securities	526,837	391,881	34.44 %
Loans, Net	1,643,057	1,585,481	3.63 %
Allowance for Loan Losses	14,547	12,375	17.55 %
Deposits	1,964,270	1,916,809	2.48 %

<b>OFF-BALANCE SHEET</b>			
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$ 336,681	\$ 314,174	7.16 %
Trust Assets Under Management	1,055,290	1,192,928	(11.54)%

<b>STOCKHOLDERS' VALUE (PER COMMON SHARE)</b>			
Net Income - Basic	\$ 0.92	\$ 0.99	(7.07)%
Net Income - Diluted	\$ 0.92	\$ 0.99	(7.07)%
Dividends	\$ 0.56	\$ 0.55	1.82 %
Common Book Value	\$ 16.69	\$ 19.06	(12.43)%
Tangible Common Book Value (a)	\$ 13.10	\$ 15.54	(15.70)%
Market Value (Last Trade)	\$ 24.17	\$ 24.50	(1.35)%
Market Value / Common Book Value	144.82 %	128.54 %	12.67 %
Market Value / Tangible Common Book Value	184.50 %	157.66 %	17.02 %
Price Earnings Multiple (Annualized)	13.14	12.37	6.22 %
Dividend Yield (Annualized)	4.63 %	4.49 %	3.12 %
Common Shares Outstanding, End of Period	15,499,214	15,957,512	(2.87)%

**CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS (Continued)**  
**(Dollars In Thousands, Except Per Share Data)**  
**(Unaudited)**

	AS OF OR FOR THE SIX MONTHS ENDED		% INCREASE (DECREASE)
	2022	June 30, 2021	
<b>SAFETY AND SOUNDNESS</b>			
Tangible Common Equity / Tangible Assets (a)	8.62 %	10.86 %	(20.63)%
Nonperforming Assets / Total Assets	0.62 %	1.12 %	(44.64)%
Allowance for Loan Losses / Total Loans	0.88 %	0.77 %	14.29 %
Total Risk Based Capital Ratio (b)	16.15 %	18.99 %	(14.96)%
Tier 1 Risk Based Capital Ratio (b)	13.85 %	15.93 %	(13.06)%
Common Equity Tier 1 Risk Based Capital Ratio (b)	13.85 %	15.93 %	(13.06)%
Leverage Ratio (b)	10.31 %	10.52 %	(2.00)%
<b>AVERAGE BALANCES</b>			
Average Assets	\$ 2,335,771	\$ 2,287,465	2.11 %
Average Equity	\$ 279,708	\$ 300,776	(7.00)%
<b>EFFICIENCY RATIO (c)</b>			
Net Interest Income on a Fully Taxable-Equivalent			
Basis (c)	\$ 40,571	\$ 39,305	3.22 %
Noninterest Income	12,651	13,082	(3.29)%
Total (1)	\$ 53,222	\$ 52,387	1.59 %
Noninterest Expense (2)	\$ 33,925	\$ 31,108	9.06 %
Efficiency Ratio = (2)/(1)	63.74 %	59.38 %	7.34 %

(a) Tangible common book value per share and tangible common equity as a percentage of tangible assets are non-U.S. GAAP ratios. Management believes this non-GAAP information is helpful in evaluating the strength of the Corporation's capital and in providing an alternative, conservative valuation of the Corporation's net worth. The ratios shown above are based on the following calculations of tangible assets and tangible common equity:

Total Assets	\$ 2,410,718	\$ 2,339,063
Less: Intangible Assets, Primarily Goodwill	(55,602)	(56,088)
Tangible Assets	\$ 2,355,116	\$ 2,282,975
Total Stockholders' Equity	\$ 258,619	\$ 304,133
Less: Intangible Assets, Primarily Goodwill	(55,602)	(56,088)
Tangible Common Equity (3)	\$ 203,017	\$ 248,045
Common Shares Outstanding, End of Period (4)	15,499,214	15,957,512
Tangible Common Book Value per Share = (3)/(4)	\$ 13.10	\$ 15.54

(b) Capital ratios for the most recent period are estimated.

(c) The efficiency ratio is a non-GAAP ratio that is calculated as shown above. For purposes of calculating the efficiency ratio, net interest income on a fully taxable-equivalent basis includes amounts of interest income on tax-exempt securities and loans that have been increased to a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21%. A reconciliation of net interest income under U.S. GAAP as compared to net interest income as adjusted to a fully taxable-equivalent basis is provided in Exhibit 99.2 under the table "COMPARISON OF INTEREST INCOME AND EXPENSE".

**QUARTERLY CONDENSED, CONSOLIDATED  
INCOME STATEMENT INFORMATION  
(Dollars In Thousands, Except Per Share Data)  
(Unaudited)**

	For the Three Months Ended :					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Interest income	\$ 21,309	\$ 21,773	\$ 21,246	\$ 21,073	\$ 20,428	\$ 21,754
Interest expense	1,684	1,441	1,530	1,614	1,747	1,671
Net interest income	19,625	20,332	19,716	19,459	18,681	20,083
Provision for loan losses	308	891	1,128	1,530	744	259
Net interest income after provision for loan losses	19,317	19,441	18,588	17,929	17,937	19,824
Noninterest income	6,830	5,821	6,416	6,359	6,300	6,782
Net (losses) gains on securities	(1)	2	(1)	23	2	0
Noninterest expense	17,039	16,886	16,018	15,346	15,399	15,709
Income before income tax provision	9,107	8,378	8,985	8,965	8,840	10,897
Income tax provision	1,618	1,483	1,677	1,566	1,780	2,110
Net income	\$ 7,489	\$ 6,895	\$ 7,308	\$ 7,399	\$ 7,060	\$ 8,787
Net income attributable to common shares	\$ 7,419	\$ 6,835	\$ 7,256	\$ 7,336	\$ 6,999	\$ 8,722
Basic earnings per common share	\$ 0.48	\$ 0.44	\$ 0.46	\$ 0.47	\$ 0.44	\$ 0.55
Diluted earnings per common share	\$ 0.48	\$ 0.44	\$ 0.46	\$ 0.47	\$ 0.44	\$ 0.55

**QUARTERLY CONDENSED, CONSOLIDATED  
BALANCE SHEET INFORMATION  
(In Thousands) (Unaudited)**

	As of: June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<b>ASSETS</b>						
Cash & Due from Banks	\$ 69,187	\$ 114,346	\$ 104,948	\$ 198,995	\$ 208,860	\$ 207,145
Available-for-Sale Debt Securities	526,837	532,913	517,679	437,857	391,881	366,376
Loans, Net	1,643,057	1,523,919	1,551,312	1,563,008	1,585,481	1,602,926
Bank-Owned Life Insurance	30,941	30,805	30,670	30,530	30,391	30,247
Bank Premises and Equipment, Net	21,829	21,169	20,683	20,526	20,620	20,740
Intangible Assets	55,602	55,711	55,821	55,955	56,088	56,222
Other Assets	63,265	51,508	46,535	48,025	45,742	49,939
<b>TOTAL ASSETS</b>	<b>\$ 2,410,718</b>	<b>\$ 2,330,371</b>	<b>\$ 2,327,648</b>	<b>\$ 2,354,896</b>	<b>\$ 2,339,063</b>	<b>\$ 2,333,595</b>
<b>LIABILITIES</b>						
Deposits	\$ 1,964,270	\$ 1,960,952	\$ 1,925,060	\$ 1,940,141	\$ 1,916,809	\$ 1,923,925
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	126,833	22,938	29,845	40,555	46,450	60,230
Senior Notes, Net	14,733	14,717	14,701	14,685	14,670	0
Subordinated Debt, Net	24,553	33,031	33,009	32,988	32,967	16,534
Other Liabilities	21,710	22,525	23,628	27,125	24,034	32,850
<b>TOTAL LIABILITIES</b>	<b>2,152,099</b>	<b>2,054,163</b>	<b>2,026,243</b>	<b>2,055,494</b>	<b>2,034,930</b>	<b>2,033,539</b>
<b>STOCKHOLDERS' EQUITY</b>						
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive (Loss) Income	294,621	296,386	296,379	292,997	294,857	293,097
Accumulated Other Comprehensive (Loss) Income:						
Net Unrealized (Losses) Gains on Available- for-sale Securities	(36,307)	(20,492)	4,809	6,300	9,167	6,847
Defined Benefit Plans	305	314	217	105	109	112
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>258,619</b>	<b>276,208</b>	<b>301,405</b>	<b>299,402</b>	<b>304,133</b>	<b>300,056</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 2,410,718</b>	<b>\$ 2,330,371</b>	<b>\$ 2,327,648</b>	<b>\$ 2,354,896</b>	<b>\$ 2,339,063</b>	<b>\$ 2,333,595</b>

**AVAILABLE-FOR-SALE DEBT SECURITIES**  
(In Thousands)

	June 30, 2022		March 31, 2022		December 31, 2021		June 30, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of the U.S. Treasury	\$ 38,151	\$ 35,774	\$ 38,152	\$ 36,494	\$ 25,058	\$ 24,912	\$ 22,981	\$ 23,073
Obligations of U.S. Government agencies	24,454	22,785	24,455	23,408	23,936	24,091	24,764	25,373
Bank holding company debt securities	28,942	27,415	24,942	24,043	18,000	17,987	0	0
Obligations of states and political subdivisions:								
Tax-exempt	152,063	139,400	149,140	143,633	143,427	148,028	127,122	132,310
Taxable	72,204	63,898	73,732	69,629	72,182	72,765	58,921	60,528
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:								
Residential pass-through securities	114,367	106,043	112,122	106,568	98,048	98,181	50,397	51,328
Residential collateralized mortgage obligations	47,295	44,761	45,628	43,868	44,015	44,247	44,536	45,575
Commercial mortgage-backed securities	95,318	86,761	90,682	85,270	86,926	87,468	51,555	53,694
Total Available-for-Sale Debt Securities	<u>\$ 572,794</u>	<u>\$ 526,837</u>	<u>\$ 558,853</u>	<u>\$ 532,913</u>	<u>\$ 511,592</u>	<u>\$ 517,679</u>	<u>\$ 380,276</u>	<u>\$ 391,881</u>

**SUMMARY OF LOANS BY TYPE**  
(Excludes Loans Held for Sale)  
(In Thousands)

	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Commercial:				
Commercial loans secured by real estate	\$ 656,892	\$ 585,677	\$ 569,840	\$ 544,202
Commercial and industrial	171,999	159,793	159,073	158,907
Paycheck Protection Program - 1st Draw	44	887	1,356	37,902
Paycheck Protection Program - 2nd Draw	6,208	11,490	25,508	72,409
Political subdivisions	87,512	81,975	81,301	48,849
Commercial construction and land	58,786	37,258	60,579	43,178
Loans secured by farmland	12,967	12,507	11,121	10,950
Multi-family (5 or more) residential	53,753	53,141	50,089	51,916
Agricultural loans	2,628	2,588	2,351	2,379
Other commercial loans	15,767	14,827	17,153	14,711
Total commercial	<u>1,066,556</u>	<u>960,143</u>	<u>978,371</u>	<u>985,403</u>
Residential mortgage:				
Residential mortgage loans - first liens	482,505	481,119	483,629	507,579
Residential mortgage loans - junior liens	23,036	22,572	23,314	25,287
Home equity lines of credit	40,887	39,649	39,252	39,432
1-4 Family residential construction	26,071	16,945	23,151	23,567
Total residential mortgage	<u>572,499</u>	<u>560,285</u>	<u>569,346</u>	<u>595,865</u>
Consumer	<u>18,549</u>	<u>17,762</u>	<u>17,132</u>	<u>16,588</u>
Total	<u>1,657,604</u>	<u>1,538,190</u>	<u>1,564,849</u>	<u>1,597,856</u>
Less: allowance for loan losses	<u>(14,547)</u>	<u>(14,271)</u>	<u>(13,537)</u>	<u>(12,375)</u>
Loans, net	<u>\$ 1,643,057</u>	<u>\$ 1,523,919</u>	<u>\$ 1,551,312</u>	<u>\$ 1,585,481</u>

**ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES**  
(In Thousands)

	3 Months Ended June 30, 2022	3 Months Ended March 31, 2022	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Balance, beginning of period	\$ 14,271	\$ 13,537	\$ 13,537	\$ 11,385
Charge-offs	(41)	(180)	(221)	(58)
Recoveries	9	23	32	45
Net charge-offs	(32)	(157)	(189)	(13)
Provision for loan losses	308	891	1,199	1,003
Balance, end of period	\$ 14,547	\$ 14,271	\$ 14,547	\$ 12,375

**PAST DUE AND IMPAIRED LOANS, NONPERFORMING ASSETS  
AND TROUBLED DEBT RESTRUCTURINGS (TDRs)**  
(Dollars In Thousands)

	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Impaired loans with a valuation allowance	\$ 3,392	\$ 6,528	\$ 6,540	\$ 10,594
Impaired loans without a valuation allowance	1,376	1,494	2,636	1,819
Purchased credit impaired loans	3,879	3,983	6,558	6,733
Total impaired loans	\$ 8,647	\$ 12,005	\$ 15,734	\$ 19,146
Total loans past due 30-89 days and still accruing	\$ 5,082	\$ 3,868	\$ 5,106	\$ 2,478
Nonperforming assets:				
Purchased credit impaired loans	\$ 3,879	\$ 3,983	\$ 6,558	\$ 6,733
Other nonaccrual loans	7,763	10,962	12,441	16,238
Total nonaccrual loans	11,642	14,945	18,999	22,971
Total loans past due 90 days or more and still accruing	2,694	3,429	2,219	1,881
Total nonperforming loans	14,336	18,374	21,218	24,852
Foreclosed assets held for sale (real estate)	505	531	684	1,332
Total nonperforming assets	\$ 14,841	\$ 18,905	\$ 21,902	\$ 26,184
Loans subject to troubled debt restructurings (TDRs):				
Performing	\$ 239	\$ 279	\$ 288	\$ 199
Nonperforming	3,965	3,954	5,517	5,624
Total TDRs	\$ 4,204	\$ 4,233	\$ 5,805	\$ 5,823
Total nonperforming loans as a % of total loans	0.86 %	1.19 %	1.36 %	1.56 %
Total nonperforming assets as a % of assets	0.62 %	0.81 %	0.94 %	1.12 %
Allowance for loan losses as a % of total loans	0.88 %	0.93 %	0.87 %	0.77 %
Credit adjustment on purchased non-impaired loans and allowance for loan losses as a % of total loans and the credit adjustment (a)	1.02 %	1.11 %	1.08 %	1.05 %
Allowance for loan losses as a % of nonperforming loans	101.47 %	77.67 %	63.80 %	49.79 %
(a) Credit adjustment on purchased non-impaired loans at end of period	\$ 2,403	\$ 2,783	\$ 3,335	\$ 4,502
Allowance for loan losses	14,547	14,271	13,537	12,375
Total credit adjustment on purchased non-impaired loans at end of period and allowance for loan losses (1)	\$ 16,950	\$ 17,054	\$ 16,872	\$ 16,877
Total loans receivable	\$ 1,657,604	\$ 1,538,190	\$ 1,564,849	\$ 1,597,856
Credit adjustment on purchased non-impaired loans at end of period	2,403	2,783	3,335	4,502
Total (2)	\$ 1,660,007	\$ 1,540,973	\$ 1,568,184	\$ 1,602,358
Credit adjustment on purchased non-impaired loans and allowance for loan losses as a % of total loans and the credit adjustment (1)/(2)	1.02 %	1.11 %	1.08 %	1.05 %



**ADJUSTMENTS TO GROSS AMORTIZED COST OF LOANS**  
**(In Thousands)**

(In Thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Market Rate Adjustment</b>					
Adjustments to gross amortized cost of loans at beginning of period	\$ (885)	\$ (637)	\$ 352	\$ (637)	\$ 718
Accretion (amortization) recognized in interest income	19	(248)	(357)	(229)	(723)
Adjustments to gross amortized cost of loans at end of period	<u>\$ (866)</u>	<u>\$ (885)</u>	<u>\$ (5)</u>	<u>\$ (866)</u>	<u>\$ (5)</u>
<b>Credit Adjustment on Non-impaired Loans</b>					
Adjustments to gross amortized cost of loans at beginning of period	\$ (2,782)	\$ (3,335)	\$ (5,182)	\$ (3,335)	\$ (5,979)
Accretion recognized in interest income	379	553	680	932	1,477
Adjustments to gross amortized cost of loans at end of period	<u>\$ (2,403)</u>	<u>\$ (2,782)</u>	<u>\$ (4,502)</u>	<u>\$ (2,403)</u>	<u>\$ (4,502)</u>

**PURCHASED CREDIT IMPAIRED (PCI) LOANS**  
**(In Thousands)**

	June 30, 2022	March 31, 2022	June 30, 2021
Outstanding balance	\$ 5,766	\$ 5,966	\$ 10,189
Carrying amount	3,879	3,983	6,733

**COMPARISON OF INTEREST INCOME AND EXPENSE**  
(In Thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>INTEREST INCOME</b>					
Interest-bearing due from banks	\$ 92	\$ 67	\$ 74	\$ 159	\$ 124
Available-for-sale debt securities:					
Taxable	2,036	1,969	1,187	4,005	2,300
Tax-exempt	959	905	824	1,864	1,625
Total available-for-sale debt securities	2,995	2,874	2,011	5,869	3,925
Loans receivable:					
Taxable	17,721	17,974	16,826	35,695	34,319
Paycheck Protection Program - 1st Draw	11	38	859	49	2,671
Paycheck Protection Program - 2nd Draw	195	537	390	732	576
Tax-exempt	588	573	518	1,161	1,071
Total loans receivable	18,515	19,122	18,593	37,637	38,637
Other earning assets	19	12	18	31	37
Total Interest Income	21,621	22,075	20,696	43,696	42,723
<b>INTEREST EXPENSE</b>					
Interest-bearing deposits:					
Interest checking	308	194	235	502	456
Money market	369	262	320	631	626
Savings	64	61	57	125	112
Time deposits	389	393	605	782	1,301
Total interest-bearing deposits	1,130	910	1,217	2,040	2,495
Borrowed funds:					
Short-term	122	1	7	123	22
Long-term - FHLB advances	55	49	109	104	243
Senior notes, net	120	118	57	238	57
Subordinated debt, net	257	363	357	620	601
Total borrowed funds	554	531	530	1,085	923
Total Interest Expense	1,684	1,441	1,747	3,125	3,418
Net Interest Income	\$ 19,937	\$ 20,634	\$ 18,949	\$ 40,571	\$ 39,305

Note: Interest income from tax-exempt securities and loans has been adjusted to a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21%. The following table is a reconciliation of net interest income under U.S. GAAP as compared to net interest income as adjusted to a fully taxable-equivalent basis.

(In Thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Interest Income Under U.S. GAAP	\$ 19,625	\$ 20,332	\$ 18,681	\$ 39,957	\$ 38,764
Add: fully taxable-equivalent interest income adjustment from tax-exempt securities	191	183	162	374	321
Add: fully taxable-equivalent interest income adjustment from tax-exempt loans	121	119	106	240	220
Net Interest Income as adjusted to a fully taxable-equivalent basis	\$ 19,937	\$ 20,634	\$ 18,949	\$ 40,571	\$ 39,305

**ANALYSIS OF AVERAGE DAILY BALANCES AND RATES**  
**(Dollars in Thousands)**

	3 Months Ended 6/30/2022 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 3/31/2022 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 6/30/2021 Average Balance	Rate of Return/ Cost of Funds %
<b>EARNING ASSETS</b>						
Interest-bearing due from banks	\$ 47,428	0.78 %	\$ 84,115	0.32 %	\$ 182,586	0.16 %
Available-for-sale debt securities, at amortized cost:						
Taxable	419,824	1.95 %	390,301	2.05 %	243,228	1.96 %
Tax-exempt	151,753	2.53 %	144,334	2.54 %	123,101	2.68 %
Total available-for-sale debt securities	<u>571,577</u>	<u>2.10 %</u>	<u>534,635</u>	<u>2.18 %</u>	<u>366,329</u>	<u>2.20 %</u>
Loans receivable:						
Taxable	1,494,165	4.76 %	1,445,353	5.04 %	1,418,171	4.76 %
Paycheck Protection Program - 1st Draw	707	6.24 %	1,049	14.69 %	53,639	6.42 %
Paycheck Protection Program - 2nd Draw	8,565	9.13 %	17,800	12.24 %	71,841	2.18 %
Tax-exempt	85,447	2.76 %	83,659	2.78 %	63,470	3.27 %
Total loans receivable	<u>1,588,884</u>	<u>4.67 %</u>	<u>1,547,861</u>	<u>5.01 %</u>	<u>1,607,121</u>	<u>4.64 %</u>
Other earning assets	<u>2,321</u>	<u>3.28 %</u>	<u>1,983</u>	<u>2.45 %</u>	<u>2,467</u>	<u>2.93 %</u>
Total Earning Assets	2,210,210	3.92 %	2,168,594	4.13 %	2,158,503	3.85 %
Cash	23,114		20,703		25,453	
Unrealized (loss) gain on securities	(36,675)		(2,508)		10,197	
Allowance for loan losses	(14,509)		(13,783)		(11,992)	
Bank-owned life insurance	30,857		30,720		30,301	
Bank premises and equipment	21,556		21,043		20,620	
Intangible assets	55,656		55,765		56,153	
Other assets	55,735		44,952		42,516	
Total Assets	<u>\$ 2,345,944</u>		<u>\$ 2,325,486</u>		<u>\$ 2,331,751</u>	
<b>INTEREST-BEARING LIABILITIES</b>						
Interest-bearing deposits:						
Interest checking	\$ 431,997	0.29 %	\$ 419,130	0.19 %	\$ 387,942	0.24 %
Money market	449,656	0.33 %	456,904	0.23 %	433,295	0.30 %
Savings	255,578	0.10 %	249,165	0.10 %	227,426	0.10 %
Time deposits	268,753	0.58 %	277,405	0.57 %	335,773	0.72 %
Total interest-bearing deposits	<u>1,405,984</u>	<u>0.32 %</u>	<u>1,402,604</u>	<u>0.26 %</u>	<u>1,384,436</u>	<u>0.35 %</u>
Borrowed funds:						
Short-term	36,848	1.33 %	1,746	0.23 %	6,528	0.43 %
Long-term - FHLB advances	19,516	1.13 %	26,102	0.76 %	46,788	0.93 %
Senior notes, net	14,725	3.27 %	14,709	3.25 %	6,930	3.30 %
Subordinated debt, net	26,476	3.89 %	32,948	4.47 %	26,916	5.32 %
Total borrowed funds	<u>97,565</u>	<u>2.28 %</u>	<u>75,505</u>	<u>2.85 %</u>	<u>87,162</u>	<u>2.44 %</u>
Total Interest-bearing Liabilities	1,503,549	0.45 %	1,478,109	0.40 %	1,471,598	0.48 %
Demand deposits	557,007		529,077		534,602	
Other liabilities	20,066		24,046		23,898	
Total Liabilities	<u>2,080,622</u>		<u>2,031,232</u>		<u>2,030,098</u>	
Stockholders' equity, excluding accumulated other comprehensive (loss) income	293,985		295,996		293,487	
Accumulated other comprehensive (loss) income	(28,663)		(1,742)		8,166	
Total Stockholders' Equity	<u>265,322</u>		<u>294,254</u>		<u>301,653</u>	
Total Liabilities and Stockholders' Equity	<u>\$ 2,345,944</u>		<u>\$ 2,325,486</u>		<u>\$ 2,331,751</u>	
Interest Rate Spread		3.47 %		3.73 %		3.37 %
Net Interest Income/Earning Assets		3.62 %		3.86 %		3.52 %
Total Deposits (Interest-bearing and Demand)	\$ 1,962,991		\$ 1,931,681		\$ 1,919,038	

- (1) Annualized rates of return on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21%.
- (2) Nonaccrual loans have been included with loans for the purpose of analyzing net interest earnings.
- (3) Rates of return on earning assets and costs of funds have been presented on an annualized basis.

**ANALYSIS OF AVERAGE DAILY BALANCES AND RATES**  
**(Dollars in Thousands)**

	6 Months Ended 6/30/2022 Average Balance	Rate of Return/ Cost of Funds %	6 Months Ended 6/30/2021 Average Balance	Rate of Return/ Cost of Funds%
<b>EARNING ASSETS</b>				
Interest-bearing due from banks	\$ 65,670	0.49 %	\$ 137,851	0.18 %
Available-for-sale debt securities, at amortized cost:				
Taxable	405,144	1.99 %	230,551	2.01 %
Tax-exempt	148,064	2.54 %	120,332	2.72 %
Total available-for-sale debt securities	<u>553,208</u>	<u>2.14 %</u>	<u>350,883</u>	<u>2.26 %</u>
Loans receivable:				
Taxable	1,469,894	4.90 %	1,423,417	4.86 %
Paycheck Protection Program - 1st Draw	877	11.27 %	78,863	6.83 %
Paycheck Protection Program - 2nd Draw	13,157	11.22 %	53,123	2.19 %
Tax-exempt	84,558	2.77 %	65,375	3.30 %
Total loans receivable	<u>1,568,486</u>	<u>4.84 %</u>	<u>1,620,778</u>	<u>4.81 %</u>
Other earning assets	<u>2,153</u>	<u>2.90 %</u>	<u>2,658</u>	<u>2.81 %</u>
Total Earning Assets	<u>2,189,517</u>	<u>4.02 %</u>	<u>2,112,170</u>	<u>4.08 %</u>
Cash	21,915		24,629	
Unrealized (loss) gain on securities	(19,686)		11,536	
Allowance for loan losses	(14,148)		(11,866)	
Bank-owned life insurance	30,789		30,228	
Bank premises and equipment	21,301		20,982	
Intangible assets	55,710		56,220	
Other assets	50,373		43,566	
Total Assets	<u>\$ 2,335,771</u>		<u>\$ 2,287,465</u>	
<b>INTEREST-BEARING LIABILITIES</b>				
Interest-bearing deposits:				
Interest checking	\$ 425,599	0.24 %	\$ 372,056	0.25 %
Money market	453,260	0.28 %	420,141	0.30 %
Savings	252,389	0.10 %	220,470	0.10 %
Time deposits	273,055	0.58 %	353,068	0.74 %
Total interest-bearing deposits	<u>1,404,303</u>	<u>0.29 %</u>	<u>1,365,735</u>	<u>0.37 %</u>
Borrowed funds:				
Short-term	19,394	1.28 %	10,425	0.43 %
Long-term - FHLB advances	22,791	0.92 %	49,801	0.98 %
Senior notes, net	14,717	3.26 %	3,484	3.30 %
Subordinated debt, net	29,694	4.21 %	21,758	5.57 %
Total borrowed funds	<u>86,596</u>	<u>2.53 %</u>	<u>85,468</u>	<u>2.18 %</u>
Total Interest-bearing Liabilities	1,490,899	0.42 %	1,451,203	0.47 %
Demand deposits	543,119		509,583	
Other liabilities	22,045		25,903	
Total Liabilities	<u>2,056,063</u>		<u>1,986,689</u>	
Stockholders' equity, excluding accumulated other comprehensive (loss) income	294,985		291,550	
Accumulated other comprehensive (loss) income	(15,277)		9,226	
Total Stockholders' Equity	<u>279,708</u>		<u>300,776</u>	
Total Liabilities and Stockholders' Equity	<u>\$ 2,335,771</u>		<u>\$ 2,287,465</u>	
Interest Rate Spread		3.60 %		3.61 %
Net Interest Income/Earning Assets		3.74 %		3.75 %
Total Deposits (Interest-bearing and Demand)	\$ 1,947,422		\$ 1,875,318	

- (1) Annualized rates of return on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21%.
- (2) Nonaccrual loans have been included with loans for the purpose of analyzing net interest earnings.
- (3) Rates of return on earning assets and costs of funds have been presented on an annualized basis.

**COMPARISON OF NONINTEREST INCOME**  
**(In Thousands)**

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Trust revenue	\$ 1,715	\$ 1,786	\$ 1,807	\$ 3,501	\$ 3,433
Brokerage and insurance revenue	566	522	506	1,088	832
Service charges on deposit accounts	1,322	1,235	1,073	2,557	2,088
Interchange revenue from debit card transactions	1,056	963	998	2,019	1,879
Net gains from sales of loans	220	382	925	602	1,989
Loan servicing fees, net	358	210	146	568	394
Increase in cash surrender value of life insurance	137	135	145	272	295
Other noninterest income	1,456	588	700	2,044	2,172
Total noninterest income, excluding realized gains on securities, net	<u>\$ 6,830</u>	<u>\$ 5,821</u>	<u>\$ 6,300</u>	<u>\$ 12,651</u>	<u>\$ 13,082</u>

**COMPARISON OF NONINTEREST EXPENSE**  
**(In Thousands)**

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2021	June 30, 2021	June 30, 2022	June 30, 2021
Salaries and employee benefits	\$ 10,265	\$ 10,607	\$ 9,499	\$ 20,872	\$ 18,394
Net occupancy and equipment expense	1,308	1,411	1,219	2,719	2,523
Data processing and telecommunications expenses	1,720	1,623	1,487	3,343	2,867
Automated teller machine and interchange expense	347	384	355	731	692
Pennsylvania shares tax	488	488	490	976	981
Professional fees	480	489	598	969	1,145
Other noninterest expense	2,431	1,884	1,751	4,315	4,506
Total noninterest expense	<u>\$ 17,039</u>	<u>\$ 16,886</u>	<u>\$ 15,399</u>	<u>\$ 33,925</u>	<u>\$ 31,108</u>



# BANC&N NOTES

C&N QUARTERLY REPORT :: JULY 2022

CITIZENS&NORTHERN CORPORATION

Touch to Begin

Connect with us:

Client Care Center:  
1.877.838.2517

C&N Financial Services:  
1.866.ASK.CNFS

Wealth Management:  
1.800.487.8784



## PRESIDENT&CEO

Dear Shareholder:

A phrase you'll commonly hear from C&N teammates is, "How might we?" When a challenge is identified, it takes an innovative mindset and approach to solve for it. This quarter, the world was not short on challenges. Although the general health impact of the pandemic continued to subside, despite a resurgence in cases due to new variants, the economic impact on the labor force, supply chains and inflation caused by the pandemic and government response is ongoing. Add in effects from the war in Ukraine and uncertainty is compounded. That said, the basic U.S. economy has been resilient and business activity during the quarter was solid. Our efforts to position C&N for growth required a "How might we" mindset and produced substantial growth in the commercial loan portfolio in all regions. Behind the strong performance reflected in the numbers that follow, the Team continued to advance the relationship model, made strides in positioning the wealth management business and accelerated C&N's digital transformation.

In the second quarter, credit quality metrics improved and commercial loan production has helped offset

challenges presented by the run-off of PPP revenues, the impact of higher interest rates on mortgage originations and sale revenues, and volatility in the equity markets. In our Southeast and Southcentral regions, we set ambitious goals for bringing wealth management services to customers, creating value for existing relationships and positioning for future growth. We expect these efforts to make tangible contributions as the year progresses.

Investments in transforming technology and processes that will deliver near-term value while positioning C&N to scale our business efficiently are ongoing. Projects to migrate IT activities to the AWS cloud, improve internal processes through the Salesforce platform, simplify and connect lending activities to digital origination, complete the buildout of our data warehouse and implement enhanced data management tools are all advancing. Collectively, these efforts are creating a set of integrated systems that will enable our teams to serve customers – both internal and external – more productively.

*(Continued on page 4)*

### IN THIS ISSUE

#### INSPIRE&INNOVATE Carefull Introduces Vault and Trusted Contacts

Carefull has expanded its security capabilities to further protect finances from scams, fraud, and money mistakes.

Page 2

#### TRUST&PROTECT Weathering an Economic Storm

Find out & prepare your finances for any uncertainty ahead with this interactive coaching session, free to you through a partnership between Banzai and C&N.

Page 2

#### DOLLARS&SENSE Second Quarter Financial Highlights

View our unaudited financial highlights from our second quarter. For additional details on our performance, visit the Investor Relations section at [cnbankpa.com/bancnotes](http://cnbankpa.com/bancnotes).

Page 3

#### COMMUNITY&COMMITMENT Giving Back, Giving Together

C&N teammates raised over \$85,000 to ensure local children, regardless of financial status, had access to basic necessities such as food, clothing, and shelter.

Page 3

## C&N & Carefull: Easily Access & Protect Your Information Online

In November 2021, C&N partnered with Carefull to make it easier for financial caregivers to manage an older parent or loved one's finances by providing free account, credit, and identity monitoring. Carefull watches their money 24/7 for strange transactions, provides identity theft and credit protection, helps you to coordinate with family, and even tells caregivers what to watch out for.


Now, Carefull has expanded its security capabilities to further protect finances from scams, fraud, and money mistakes. If you have not yet signed up for this service, sign-up for free – and be one of the first to access these brand new features:

**VAULT:** Your digital safety deposit box – the most secure space to store private passwords, sensitive documents, and emergency contacts all in one location.

- Create strong passwords and safely store them
  - Our bad habits — reusing or keeping passwords in a notepad — makes our accounts vulnerable. Keep track of your online accounts and create stronger, unique passwords with Carefull's password generator. Then keep them safe with our military-grade encryption.

- Keep critical documents organized and accessible
  - Our most important documents — from tax returns and insurance policies to wills and trusts — need digital security to match. With Vault, you can upload digital copies of important legal and financial documents quickly and easily.
- Make your emergency contact list emergency-ready
  - Take contact information for legal, financial, and medical professionals out of the kitchen drawer and put it at your fingertips.

*(Continued on page 4)*



## 400 BIG ONES&US

Get a \$400\* bonus. Open a new C&N checking account online and make an initial deposit of \$1,000. Then, use ClickSwitch to easily move your automatic deposits (like your paycheck) to C&N and have \$5,000 direct-deposited into your account over the next three months – and it's all yours.

\*Receive \$300 Bonus when you open a consumer checking account with a minimum opening deposit of \$1,000 and receive an additional \$100 Bonus when you open the account online. Use promo code 400BONUS. Offer valid through September 30, 2022 for consumer checking account products only (C&N Everyday Checking, C&N Relationship Checking and C&N Merit Checking) and limited to one per primary account owner age 18 or older. C&N Merit Checking is a variable rate tiered interest-bearing account with an Annual Percentage Yield (APY) of 0.35% for qualifying accounts with collected balances of \$.01 to \$30,000, .10% APY for qualifying accounts with collected balances over \$30,000 and .05% APY for non-qualifying accounts (refer to the Truth In Savings Disclosure for qualifying criteria). APYs accurate as of July 1, 2022. Fees may reduce earnings. Direct deposits totaling \$5,000 over consecutive 3-month period required to receive Bonus. Account must remain open for six months from opening date. Payout will occur within 45 days of six-month anniversary of account opening. Payouts valid through May 31, 2023. Offer may be withdrawn at any time.

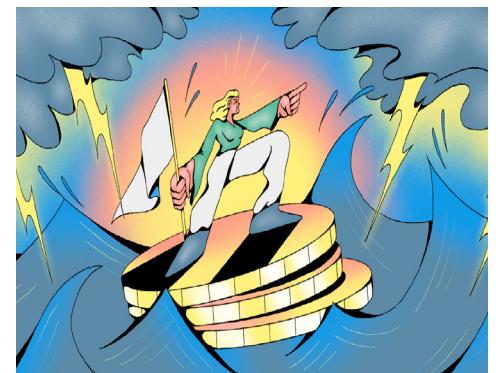
## TRUST&PROTECT

### Weathering an Economic Storm

With inflation over 8.5% and the cost of everything going up, everyone is feeling the pinch. Ease concerns about how your finances and retirement will hold up during an economic storm. C&N has partnered with Banzai® to bring you an interactive coaching session that will help you prepare for the possibility of losing your income, rapidly rising prices, and how an uncertain market

can impact your retirement fund. To start, scan the QR code or visit <https://grco.de/economicstorm>\*. To start the coaching session, select "Start Here." A feed will appear; follow along and answer questions as you're prompted. The session will take around 5 minutes to complete.

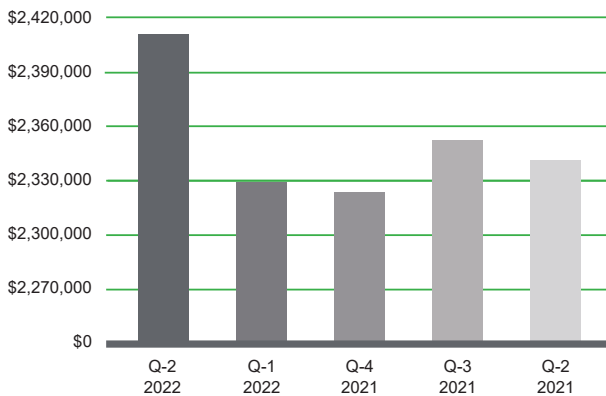
\*web address is case-sensitive.



Below are unaudited financial highlights. Additional details on our Second Quarter financial results can be found on the Investor Relations section by scanning the QR code or visiting [cnbankpa.com/bancnotes](http://cnbankpa.com/bancnotes).



## TOTAL ASSETS (In Thousands)



## TABLE INFORMATION

	Q-2 2022	Q-1 2022	Q-4 2021	Q-3 2021	Q-2 2021
Total Assets	\$2,410,718	\$2,330,371	\$2,327,648	\$2,354,896	\$2,339,063

## Q2 HIGHLIGHTS (In Thousands, Except Per Share Data)

	Q-2 2022	Q-2 2021	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Total Assets	\$2,410,718	\$2,339,063	\$71,655	3.06%
Net Income	\$7,489	\$7,060	\$429	6.08%
Net Income - Diluted Per Share	\$0.48	\$0.44	\$0.04	9.09%
Dividends Per Share	\$0.28	\$0.28	\$0.00	0.00%

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

	JUNE 30, 2022	JUNE 30, 2021	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$14,384	\$15,847	\$(1,463)	(9.23%)
Net Income - Diluted Per Share	\$0.92	\$0.99	\$(0.07)	7.07%
Dividends Per Share	\$0.56	\$0.55	\$0.01	1.82%

## Citizens & Northern Corporation (CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
6.30.22	23.78	24.20	23.72	24.17	13,300

# COMMUNITY&COMMITMENT



Our Paoli Team volunteered with Ann's Heart preparing over 100 free meals for the community.

## C&N Teammates Donate over \$85,000 to Support Local Underprivileged Children

C&N's Giving Back, Giving Together program raised over \$85,000 to ensure children in our area have access to food, clothing, and shelter. In addition to the monetary donations, C&N teammates collected 4,646 necessity items and volunteered 32.5 hours at our local children & youth organizations.

Underprivileged children are another demographic that was greatly impacted by the COVID-19 pandemic. The closing of schools



Two Wellsboro area teammates purchasing "back to school" clothes for area children.

combined with the high cost of childcare forced many parents to give up their jobs and income to care for their kids. This also increased food insecurity by reducing children's access to free or reduced lunches at school. A survey by the CBPP shows that around 7 to 11 million children lived in households where kids didn't get enough food because their families couldn't afford it.

In June 2021, C&N teams partnered with 23 local children & youth programs to collect



Two of our East Smithfield team members volunteering for the Smithfield Township Fire Department.

monetary donations through a variety of online platforms and host different fundraisers bringing in over \$85,000. In addition to these efforts, the annual C&N Charity Classic golf tournament brought in a record \$25,000 and connected with local business partners to join the cause. 15 responded, bringing in an additional \$4,500.

[Learn more about our Giving Back, Giving Together program, our newest cause, and how you can help at cnbankpa.com/GBGT.](http://cnbankpa.com/GBGT)



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

## INSPIRE&INNOVATE

### C&N & Carefull: Easily Access & Protect Your Information Online

*(continued from page 2)*

In addition, Carefull's smart-suggestion tools can recommend and define age-specific documents connected to your finances such as a will, power of attorney, trust, and insurance!

**TRUSTED CONTACTS:** The easiest and most secure way to name family members, financial advisors, or others you trust. Choose whether to let them help resolve issues in case of a scam, fraud, or medical emergency.

Significant financial and personal records often live in unsafe or inaccessible places. Stay organized and in control by securely gathering important items. Share only what you want, when you need to.

## PRESIDENT&CEO

### Quarterly Shareholder Letter

*(continued from cover page)*

Recent decisions to close two branches will require attention during the second half of the year. These difficult decisions are made only after a thoughtful approach and consideration of detailed activity and financial analysis. In-branch transactions and banking activity have declined over the years due to adoption of digital channels and changes in local economies. We have plans in place to retain customer relationships and C&N teammates and will continue to provide quality C&N service to our clients.

Our focus during the third quarter remains on advancing on the initiatives discussed above, while continuing to expand relationships and grow the balance sheet. We are in a unique

economic and regulatory climate that requires continued diligence in asking ourselves and each other, "How might we?" How might we create unprecedented value for our customers and communities during times of uncertainty? How might we ease their minds by providing resources, tools and expertise to confidently navigate their financial lives safely and securely? Some of those answers are presented here in this issue of banCNotes in the form of Banzai and Carefull. Other answers will reveal themselves over time and we look forward to the value they'll create for our customers, communities, teammates and shareholders in the future.



J. Bradley Scovill  
President and CEO