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C&N DECLARES DIVIDEND AND ANNOUNCES FIRST QUARTER 2023 UNAUDITED FINANCIAL RESULTS FOR IMMEDIATE RELEASE:

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 period ended March 31, 2023. C&N’s principal activity is community banking, and the largest subsidiary is Citizens & Northern Bank (the “Bank”).

First Quarter 2023 Highlights:

- Net income of \$6,253,000, or \$0.40 diluted earnings per share.
- Total loans receivable increased \$5.1 million, or 1.2% (annualized), at March 31, 2023 from December 31, 2022, and average loans receivable grew 6.3% (annualized) during the first quarter 2023 from the fourth quarter 2022.
- Total nonperforming loans of \$14.1 million (0.81% of total loans) at March 31, 2023, down from \$25.3 million (1.46% of total loans) at December 31, 2022. Total nonperforming assets was 0.60% of total assets at March 31, 2023, down from 1.04% at December 31, 2022.
- Total deposits were lower by \$81.6 million at March 31, 2023 from December 31, 2022. Total average deposits of \$1.9 billion for the first quarter 2023 were down from \$2.0 billion for the fourth quarter 2022 and stable with \$1.9 billion for the first quarter 2022.
- At March 31, 2023, estimated uninsured deposits totaled 31.7% of the Bank’s total deposits, including deposits collateralized by securities of 9.8% of the Bank’s total deposits.

Dividend Declared and Unaudited Financial Information

On April 20, 2023, C&N’s Board of Directors declared a regular quarterly cash dividend of \$0.28 per share. The dividend is payable on May 12, 2023 to shareholders of record as of May 1, 2023.

Highlights related to C&N’s first quarter unaudited U.S. GAAP earnings results as compared to the fourth quarter 2022 and first quarter of 2022 are presented below.

First Quarter 2023 as Compared to Fourth Quarter 2022

Net income was \$6,253,000, or \$0.40 per diluted share, for the first quarter 2023 as compared to \$7,779,000, or \$0.50 per diluted share, in the fourth quarter 2022.

- Net interest income totaled \$20,781,000 in the first quarter 2023, down \$1,511,000 from the fourth quarter 2022. The net interest margin was 3.71% in the first quarter 2023, down from 3.89% in the fourth quarter 2022. The net interest spread decreased 0.32%, as the average rate on interest-bearing liabilities increased 0.47%, while the average yield on earning assets increased 0.15%. Sources of funds included an increase in average borrowed funds of \$95,230,000 and a reduction in average available-for-sale debt securities (at amortized cost) of \$20,502,000, while reductions in funds included the net impact of an increase in average loans outstanding of \$26,673,000 (1.6% or 6.3% annualized) and a decrease in average deposits of \$96,020,000. The reduction in average deposits resulted from several factors, including: the impact of customer funds transferred to higher-yielding investment alternatives; a \$23,908,000 reduction in average noninterest-bearing demand deposits, almost exclusively related to business accounts; and seasonal reductions in municipal deposits.

- Effective January 1, 2023, C&N adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments-Credit Losses (Topic 326), as modified by subsequent ASUs, that required change in accounting for credit losses on loans receivable from an incurred loss methodology to an expected credit loss methodology commonly referred to as “CECL.” Effective January 1, 2023, C&N recorded adjustments resulting from adopting CECL which increased the allowance for credit losses on loans \$2,104,000, increased the allowance for credit losses on off-balance sheet exposures \$793,000, increased loans receivable \$806,000, and decreased retained earnings (stockholders’ equity) \$1,652,000. The credit for credit losses (reduction in expense) was \$352,000 in the first quarter 2023 as compared to the fourth quarter 2022 provision for loan losses of \$2,262,000. The credit for credit losses in the first quarter 2023 resulted mainly from a reduction in the allowance related to the commercial segment of the portfolio.
- Noninterest income of \$5,609,000 in the first quarter 2023 decreased \$501,000 from the fourth quarter 2022 amount. Significant variances included the following:
 - Other noninterest income of \$771,000 decreased \$262,000 from the fourth quarter 2022, including income from interest rate swap fees on commercial loans decreasing \$260,000.
 - Interchange revenue from debit card transactions of \$1,007,000 decreased \$91,000 from the fourth quarter 2022, reflecting decreases in transaction volume.
 - Loan servicing fees, net of \$122,000 decreased \$81,000, as the fair value of servicing rights decreased \$83,000 in the first quarter 2023 as compared to a decrease of \$2,000 in the fourth quarter 2022.
 - Brokerage and insurance revenue of \$430,000 decreased \$77,000 from the fourth quarter 2022, due to lower volume of new transactions.
 - Service charges on deposit accounts of \$1,290,000 decreased \$67,000 from the fourth quarter 2022 reflecting a customary seasonal reduction in transaction volume in the first quarter of the year.
 - Net gains from sale of loans of \$74,000 increased \$50,000 from the fourth quarter 2022, reflecting growth in volume of residential mortgage loans sold.
- Noninterest expense of \$19,087,000 in the first quarter 2023 increased \$2,500,000 from the fourth quarter 2022 amount. Significant variances included the following:
 - Salaries and employee benefits expense of \$11,427,000 increased \$1,292,000 from the fourth quarter 2022, including an increase in stock-based and incentive compensation expense of \$1,031,000, as the fourth quarter 2022 amount was reduced based on an updated assessment of C&N’s earnings performance to that of a defined peer group. Expenses related to payroll taxes and employee benefit expenses increased \$370,000, reflecting the normal pattern of such costs being highest in the beginning of the calendar year. Health care expense decreased \$111,000 due to lower claims on C&N’s partially self-insured plan.
 - Other noninterest expense of \$2,507,000 increased \$596,000 from the fourth quarter 2022. Within this category, significant variances included the following:
 - Other operational losses totaled \$206,000 in the first quarter 2023 as compared to a credit of \$64,000 (reduction in expense) in the fourth quarter 2022 resulting in an increase in expense of \$270,000. In the fourth quarter 2022, there was a reduction in expense of \$206,000 resulting from abatement of Trust Department tax compliance penalties for which expense was recorded in 2020 and a favorable outcome on appeal of a Trust Department state tax reporting matter for which expense was also recorded in 2020.

- In the fourth quarter 2022 there was a gain of \$117,000 on other real estate properties with no comparable amount in the first quarter 2023.
- In the fourth quarter 2022 there was a reduction in expense related to credit losses on off balance sheet exposures related to residential mortgage loans sold of \$75,000 with no comparable amount reflected in other noninterest expense in the first quarter 2023.
- Professional fees of \$937,000 increased \$422,000, including \$389,000 of conversion costs related to a change in C&N's Wealth Management platform for providing brokerage and investment advisory services.
- Data processing and telecommunications of \$1,936,000 increased \$192,000 from the fourth quarter 2022, 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 was \$1,409,000, or 18.4% of pre-tax income for the first quarter 2023, down from \$1,773,000, or 18.6% of pre-tax income for the fourth quarter 2022. The decrease in income tax provision reflected the decrease in pre-tax income of \$1,890,000 for the quarter.

First Quarter 2023 as Compared to First Quarter 2022

First quarter 2023 net income was \$6,253,000, or \$0.40 per diluted share, as compared to \$6,895,000, or \$0.44 per diluted share, in the first quarter 2022. Significant variances were as follows:

- First quarter 2023 net interest income of \$20,781,000 was \$449,000 higher than the first quarter 2022 total. The increase in net interest income was mainly driven by loan growth, as average earning assets increased \$131,608,000, including an increase in average loans of \$178,002,000, or 11.5%, while average interest-bearing due from banks decreased \$52,478,000. Average total deposits of \$1,931,126,000 were flat in the first quarter 2023 as compared to the first quarter 2022 while average borrowed funds increased \$136,303,000. The net interest margin was 3.71% in the first quarter 2023, down from 3.86% in the first quarter 2022. The interest rate spread decreased 0.43%, as the average rate on interest-bearing liabilities increased 0.96%, while the average yield on earning assets increased 0.53%. Contributing to the comparatively lower margin and spread, total interest and fees on loans in the first quarter 2022 included \$1,398,000 from repayments received on purchased credit impaired loans in excess of previous carrying amounts with no comparable amount in the first quarter 2023.
- The credit for credit losses (reduction in expense) was \$352,000 in the first quarter 2023 as compared to the first quarter 2022 provision for loan losses of \$891,000. The credit for credit losses in the first quarter 2023 resulted mainly from a reduction in the allowance related to the commercial segment of the portfolio. Within the net credit for credit losses on loans in the first quarter 2023, the provision related to specific loans was \$205,000, including net charge-offs of \$61,000 and an increase in specific allowances on loans of \$144,000. In comparison, the first quarter 2022 provision included a net charge of \$147,000 related to specific loans (net charge-offs of \$157,000 offset by a net decrease in specific allowances on loans of \$10,000).

- Noninterest income of \$5,609,000 in the first quarter 2023 decreased \$212,000 from the first quarter 2022 amount. Significant variances included the following:
 - Net gains from sale of loans of \$74,000 decreased \$308,000 from the first quarter 2022, reflecting a reduction in volume of residential mortgage loans sold.
 - Brokerage and insurance revenue of \$430,000 decreased \$92,000 from the first quarter 2022, due to lower volume of new transactions.
 - Loan servicing fees, net of \$122,000 decreased \$88,000, as the fair value of servicing rights decreased \$83,000 in the first quarter 2023 as compared to an increase of \$2,000 in the first quarter 2022.
 - Other noninterest income of \$771,000 increased \$183,000 from the first quarter 2022, including dividends on FHLB-Pittsburgh stock totaling \$217,000, an increase of \$100,000 from the first quarter 2022, and a gain on sale of premises and equipment of \$68,000 with no comparable amount in the first quarter 2022.

- Noninterest expense of \$19,087,000 in the first quarter 2023 increased \$2,201,000 from the first quarter 2022 amount. Significant variances included the following:
 - Salaries and employee benefits expense of \$11,427,000 increased \$820,000 from the first quarter 2022, including an increase in base salaries expense of \$597,000. In total, the number of full-time equivalent employees (FTEs) increased by 10 (2.5%) to 412 in the first quarter 2023 as compared to the first quarter 2022. Total cash and stock-based compensation expense increased \$167,000 and health care expense increased \$102,000 due to higher claims on C&N's partially self-insured plan.
 - Other noninterest expense of \$2,507,000 increased \$623,000 from the first quarter 2022. Within this category, significant variances included the following:
 - In the first quarter 2022 the allowance for SBA claim adjustments decreased, reflecting more favorable claim results than previously estimated, resulting in a reduction in expense of \$242,000 with no comparable amount in the first quarter 2023.
 - Other operational losses totaled \$206,000, an increase of \$82,000.
 - Net collection expense totaled \$44,000 in the first quarter 2023, an increase of \$85,000 over net recoveries of \$41,000 in the first quarter 2022.
 - Advertising expense totaled \$213,000 in the first quarter 2023, an increase of \$77,000 reflecting expenses related to C&N's social media strategy and brand monitoring analysis.
 - Professional fees of \$937,000 increased \$448,000, including \$389,000 of conversion costs related to a change in C&N's Wealth Management platform for providing brokerage and investment advisory services.
 - Data processing and telecommunications of \$1,936,000 increased \$313,000 from the first quarter 2022, 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 was \$1,409,000, or 18.4% of pre-tax income for the first quarter 2023, as compared to \$1,483,000, or 17.7% of pre-tax income for the fourth quarter 2022. The decrease in income tax provision reflected the decrease in pre-tax income of \$716,000.

Other Information:

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$2,429,872,000 at March 31, 2023, down from \$2,454,307,000 at December 31, 2022 and up from \$2,330,371,000 at March 31, 2022.
- Cash & due from banks totaled \$52,212,000 at March 31, 2023, down from \$55,048,000 at December 31, 2022 and \$114,346,000 at March 31, 2022. The decrease in cash reflects the deployment of otherwise excess cash primarily to loans to enhance net interest income.
- The amortized cost of available-for-sale debt securities decreased to \$527,589,000 at March 31, 2023 from \$561,794,000 at December 31, 2022 and \$558,853,000 at March 31, 2022. The fair value of available-for-sale debt securities at March 31, 2023 was lower than amortized cost basis by \$54,775,000, or 10.4%. In comparison, the aggregate unrealized loss position was \$63,761,000 (11.3%) at December 31, 2022 and \$25,939,000 (4.6%) at March 31, 2022. The unrealized decrease in fair value of the portfolio has resulted from an increase in interest rates. Management reviewed the available-for-sale debt securities as of March 31, 2023 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.
- Gross loans receivable totaled \$1,745,139,000 at March 31, 2023, an increase of \$5,099,000 (0.3%) from total loans at December 31, 2022 and an increase of \$206,949,000 (13.5%) from total loans at March 31, 2022. In comparing outstanding balances at March 31, 2023 and 2022, total commercial loans were up \$147.1 million (12.9%), reflecting growth in commercial real estate – nonowner occupied loans of \$96,080,000, all other commercial loans of \$33,453,000 and commercial real estate – owner occupied loans of \$17,557,000. Total residential mortgage loans were up \$55,828,000 (16.1%) and total consumer loans increased \$4,031,000 (8.0%). The outstanding balance of residential mortgage loans originated and serviced by C&N that have been sold to third parties was \$321.3 million at March 31, 2023, down \$17.2 million (5.1%) from March 31, 2022.
- Total nonperforming assets as a percentage of total assets was 0.60% at March 31, 2023, down from 1.04% at December 31, 2022 and 0.81% at March 31, 2022. Total nonperforming assets were \$14.6 million at March 31, 2023, down from \$25.6 million at December 31, 2022 and \$18.9 million at March 31, 2022. Similarly, total impaired loans decreased to \$9.3 million at March 31, 2023 from \$19.4 million at December 31, 2022 and \$12.0 million at March 31, 2022. The net decrease in impaired loans and nonperforming assets at March 31, 2023 compared to December 31, 2022 included the impact of a \$10.0 million payoff in the first quarter 2023 on a commercial loan relationship that was classified as impaired and nonaccrual at December 31, 2022. The reduction also included a paydown of \$2,180,000 in the first quarter 2023 on a commercial loan for which partial charge-offs totaling \$3,942,000 were recorded in 2022. The remaining carrying value of this loan was \$474,000 at March 31, 2023. These reductions were partially offset by the addition to impaired and nonaccrual of a commercial loan relationship totaling \$1,931,000 at March 31, 2023. Based on an estimate of the liquidation value of the real estate collateralizing the relationship, an allowance of \$182,000 was recorded at March 31, 2023.
- The allowance for credit losses on loans was \$18.3 million at March 31, 2023, or 1.05% of total loans as compared to an allowance for loan losses of \$16.6 million or 0.95% of total loans at December 31, 2022 and \$14.3 million or 0.93% of total loans at March 31, 2022. The increase in the allowance for credit losses at March 31, 2023 includes the impact of the adoption of CECL on January 1, 2023.

- Deposits totaled \$1,916,040,000 at March 31, 2023, down \$81,553,000 (4.1%) from \$1,997,593,000 at December 31, 2022 and down 2.3% from \$1,960,952,000 at March 31, 2022. The reduction in total deposits included a reduction in the estimated amount of deposits in excess of FDIC insurance levels (uninsured deposit balances) of \$75.6 million as compared to December 31, 2022. The net reduction in deposits resulted from several factors, including the impact of customer funds transferred to higher-yielding investment alternatives and seasonal reductions in municipal deposits. At March 31, 2023, C&N's estimated uninsured deposits totaled \$613.9 million, or 31.7% of the Bank's total deposits, down from \$689.4 million or 34.2% of the Bank's total deposits at December 31, 2022. Included in uninsured deposits are deposits collateralized by securities (almost exclusively municipal deposits) totaling \$189.2 million, or 9.8% of the Bank's total deposits at March 31, 2023.
- C&N maintained highly liquid sources of available funds totaling \$1.043 billion at March 31, 2023, including unused borrowing capacity with the Federal Home Loan Bank of Pittsburgh of \$655.6 million, unused availability on the Federal Reserve Bank of Philadelphia's discount window of \$22.3 million, available federal funds lines with other banks of \$95 million and available-for-sale debt securities with a fair value in excess of collateral obligations of \$269.8 million. Available funding from these sources exceeded the amount of uninsured deposits noted above by 69.9% at March 31, 2023.
- The outstanding balance of borrowed funds, including Federal Home Loan Bank advances, repurchase agreements, senior notes and subordinated debt, totaled \$231,512,000 at March 31, 2023, up from \$181,781,000 at December 31, 2022 and \$70,686,000 at March 31, 2022. Overnight Federal Home Loan Bank borrowings increased to \$91,000,000 at March 31, 2023 from \$77,000,000 at December 31, 2022 and \$0 at March 31, 2022.
- Total stockholders' equity was \$255,568,000 at March 31, 2023, up from \$249,325,000 at December 31, 2022 and down from \$276,208,000 at March 31, 2022. Within stockholders' equity, the portion of accumulated other comprehensive loss related to available-for-sale debt securities was \$43,271,000 at March 31, 2023, \$50,370,000 at December 31, 2022 and \$20,492,000 at March 31, 2022. The volatility in stockholders' equity related to accumulated other comprehensive loss from available-for-sale debt securities has been caused by significant fluctuations in interest rates including overall significant increases in rates as compared to market rates when most of C&N's securities were purchased. Accumulated other comprehensive loss is excluded from C&N's regulatory capital ratios. As noted above, effective January 1, 2023, C&N adopted a required change in accounting for credit losses (CECL). The effect of implementing CECL was recorded through a cumulative-effect adjustment to reduce stockholders' equity by \$1,652,000.
- 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. For the three months ended March 31, 2023, 77,430 shares were repurchased for a total cost of \$1,662,000, at an average price of \$21.47 per share. Cumulatively through March 31, 2023, 752,130 shares have been repurchased for a total cost of \$18,249,000, at an average price of \$24.26 per share.
- Citizens & Northern Bank is subject to various regulatory capital requirements. At March 31, 2023, 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 \$1,127,439,000 at March 31, 2023, up 6.0% from \$1,063,615,000 at December 31, 2022 and down 5.4% from \$1,191,595,000 at March 31, 2022. Fluctuations in values of assets under management reflect the impact of 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 \$269,000, \$303,000, and \$302,000 for the first quarter 2023, fourth quarter 2022 and first quarter 2022, respectively. The excess of net interest income on a fully taxable-equivalent basis over the amounts reported under U.S. GAAP was \$1,226,000 for year ended December 31, 2022 and \$1,135,000 for year ended December 31, 2021.

Citizens & Northern Corporation is the bank holding company for Citizens & Northern Bank, headquartered in Wellsboro, Pennsylvania which operates 29 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.

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)

	1ST QUARTER 2023 (Current)	1ST QUARTER 2022 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 26,139	\$ 21,773	\$ 4,366	20.05 %
Interest Expense	5,358	1,441	3,917	271.83 %
Net Interest Income	20,781	20,332	449	2.21 %
(Credit) Provision for Credit Losses	(352)	891	(1,243)	(139.51)%
Net Interest Income After (Credit) Provision for Credit Losses	21,133	19,441	1,692	8.70 %
Noninterest Income	5,609	5,821	(212)	(3.64)%
Net Gains on Available-for-sale Debt Securities	7	2	5	250.00 %
Noninterest Expense	19,087	16,886	2,201	13.03 %
Income Before Income Tax Provision	7,662	8,378	(716)	(8.55)%
Income Tax Provision	1,409	1,483	(74)	(4.99)%
Net Income	\$ 6,253	\$ 6,895	\$ (642)	(9.31)%
Net Income Attributable to Common Shares (1)	\$ 6,201	\$ 6,835	\$ (634)	(9.28)%
PER COMMON SHARE DATA:				
Net Income - Basic	\$ 0.40	\$ 0.44	\$ (0.04)	(9.09)%
Net Income - Diluted	\$ 0.40	\$ 0.44	\$ (0.04)	(9.09)%
Dividends Per Share	\$ 0.28	\$ 0.28	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,409,680	15,645,474		
Number of Shares Used in Computation - Diluted	15,410,617	15,649,175		

- (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)

	March 31, 2023	March 31, 2022	\$ Incr. (Decr.)	% Incr. (Decr.)
ASSETS				
Cash & Due from Banks	\$ 52,212	\$ 114,346	\$ (62,134)	(54.34)%
Available-for-sale Debt Securities	472,814	532,913	(60,099)	(11.28)%
Loans, Net	1,726,793	1,523,919	202,874	13.31 %
Bank-Owned Life Insurance	31,352	30,805	547	1.78 %
Bank Premises and Equipment, Net	21,277	21,169	108	0.51 %
Deferred Tax Asset, Net	18,914	11,818	7,096	60.04 %
Intangible Assets	55,280	55,711	(431)	(0.77)%
Other Assets	51,230	39,690	11,540	29.08 %
TOTAL ASSETS	\$ 2,429,872	\$ 2,330,371	\$ 99,501	4.27 %
LIABILITIES				
Deposits	\$ 1,916,040	\$ 1,960,952	\$ (44,912)	(2.29)%
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	192,097	22,938	169,159	737.46 %
Senior Notes, Net	14,781	14,717	64	0.43 %
Subordinated Debt, Net	24,634	33,031	(8,397)	(25.42)%
Other Liabilities	26,752	22,525	4,227	18.77 %
TOTAL LIABILITIES	2,174,304	2,054,163	120,141	5.85 %
STOCKHOLDERS' EQUITY				
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Loss	298,365	296,386	1,979	0.67 %
Accumulated Other Comprehensive (Loss) Income:				
Net Unrealized Losses on Available-for-sale Debt Securities	(43,271)	(20,492)	(22,779)	111.16 %
Defined Benefit Plans	474	314	160	50.96 %
TOTAL STOCKHOLDERS' EQUITY	255,568	276,208	(20,640)	(7.47)%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 2,429,872	\$ 2,330,371	\$ 99,501	4.27 %

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

	AS OF OR FOR THE THREE MONTHS ENDED March 31,		% INCREASE (DECREASE)
	2023	2022	
EARNINGS PERFORMANCE			
Net Income	\$ 6,253	\$ 6,895	(9.31)%
Return on Average Assets (Annualized)	1.03 %	1.19 %	(13.45)%
Return on Average Equity (Annualized)	9.90 %	9.37 %	5.66 %
BALANCE SHEET HIGHLIGHTS			
Total Assets	\$ 2,429,872	\$ 2,330,371	4.27 %
Available-for-Sale Debt Securities	472,814	532,913	(11.28)%
Loans, Net	1,726,793	1,523,919	13.31 %
Allowance for Credit Losses:			
Allowance for Credit Losses on Loans	18,346	14,271	28.55 %
Allowance for Credit Losses on Off-Balance Sheet Exposures	1,178	660	78.48 %
Deposits	1,916,040	1,960,952	(2.29)%
OFF-BALANCE SHEET			
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$ 321,326	\$ 338,482	(5.07)%
Trust Assets Under Management	1,127,439	1,191,595	(5.38)%
STOCKHOLDERS' VALUE (PER COMMON SHARE)			
Net Income - Basic	\$ 0.40	\$ 0.44	(9.09)%
Net Income - Diluted	\$ 0.40	\$ 0.44	(9.09)%
Dividends	\$ 0.28	\$ 0.28	0.00 %
Common Book Value	\$ 16.50	\$ 17.57	(6.09)%
Tangible Common Book Value (a)	\$ 12.93	\$ 14.03	(7.84)%
Market Value (Last Trade)	\$ 21.38	\$ 24.38	(12.31)%
Market Value / Common Book Value	129.58 %	138.76 %	(6.62)%
Market Value / Tangible Common Book Value	165.35 %	173.77 %	(4.85)%
Price Earnings Multiple (Annualized)	13.36	13.85	(3.54)%
Dividend Yield (Annualized)	5.24 %	4.59 %	14.16 %
Common Shares Outstanding, End of Period	15,485,035	15,718,723	(1.49)%

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

	AS OF OR FOR THE THREE MONTHS ENDED March 31,		% INCREASE (DECREASE)
	2023	2022	
SAFETY AND SOUNDNESS			
Tangible Common Equity / Tangible Assets (a)	8.43 %	9.69 %	(13.00)%
Nonperforming Assets / Total Assets	0.60 %	0.81 %	(25.93)%
Allowance for Credit Losses / Total Loans	1.05 %	0.93 %	12.90 %
Total Risk Based Capital Ratio (b)	15.93 %	18.23 %	(12.62)%
Tier 1 Risk Based Capital Ratio (b)	13.48 %	15.20 %	(11.32)%
Common Equity Tier 1 Risk Based Capital Ratio (b)	13.48 %	15.20 %	(11.32)%
Leverage Ratio (b)	10.08 %	10.59 %	(4.82)%
AVERAGE BALANCES			
Average Assets	\$ 2,420,819	\$ 2,325,486	4.10 %
Average Equity	\$ 252,638	\$ 294,254	(14.14)%
EFFICIENCY RATIO (c)			
Net Interest Income on a Fully Taxable-Equivalent			
Basis (c)	\$ 21,050	\$ 20,634	2.02 %
Noninterest Income	5,609	5,821	(3.64)%
Total (1)	\$ 26,659	\$ 26,455	0.77 %
Noninterest Expense (2)	\$ 19,087	\$ 16,886	13.03 %
Efficiency Ratio = (2)/(1)	71.60 %	63.83 %	12.17 %

(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	\$ 2,429,872	\$ 2,330,371
Less: Intangible Assets, Primarily Goodwill	(55,280)	(55,711)
Tangible Assets	\$ 2,374,592	\$ 2,274,660
Total Stockholders' Equity	\$ 255,568	\$ 276,208
Less: Intangible Assets, Primarily Goodwill	(55,280)	(55,711)
Tangible Common Equity (3)	\$ 200,288	\$ 220,497
Common Shares Outstanding, End of Period (4)	15,485,035	15,718,723
Tangible Common Book Value per Share = (3)/(4)	\$ 12.93	\$ 14.03

(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 :				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Interest income	\$ 26,139	\$ 25,855	\$ 23,710	\$ 21,309	\$ 21,773
Interest expense	5,358	3,563	2,831	1,684	1,441
Net interest income	20,781	22,292	20,879	19,625	20,332
(Credit) provision for credit losses	(352)	2,262	3,794	308	891
Net interest income after (credit) provision for credit losses	21,133	20,030	17,085	19,317	19,441
Noninterest income	5,609	6,110	5,651	6,830	5,821
Net gains (losses) on securities	7	(1)	20	(1)	2
Noninterest expense	19,087	16,587	17,443	17,039	16,886
Income before income tax provision	7,662	9,552	5,313	9,107	8,378
Income tax provision	1,409	1,773	858	1,618	1,483
Net income	<u>\$ 6,253</u>	<u>\$ 7,779</u>	<u>\$ 4,455</u>	<u>\$ 7,489</u>	<u>\$ 6,895</u>
Net income attributable to common shares	<u>\$ 6,201</u>	<u>\$ 7,711</u>	<u>\$ 4,416</u>	<u>\$ 7,419</u>	<u>\$ 6,835</u>
Basic earnings per common share	<u>\$ 0.40</u>	<u>\$ 0.50</u>	<u>\$ 0.29</u>	<u>\$ 0.48</u>	<u>\$ 0.44</u>
Diluted earnings per common share	<u>\$ 0.40</u>	<u>\$ 0.50</u>	<u>\$ 0.29</u>	<u>\$ 0.48</u>	<u>\$ 0.44</u>

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

	As of: Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
ASSETS					
Cash & Due from Banks	\$ 52,212	\$ 55,048	\$ 64,044	\$ 69,187	\$ 114,346
Available-for-Sale Debt Securities	472,814	498,033	487,980	526,837	532,913
Loans, Net	1,726,793	1,723,425	1,674,076	1,643,057	1,523,919
Bank-Owned Life Insurance	31,352	31,214	31,075	30,941	30,805
Bank Premises and Equipment, Net	21,277	21,574	21,881	21,829	21,169
Deferred Tax Asset, Net	18,914	20,884	22,327	16,331	11,818
Intangible Assets	55,280	55,382	55,492	55,602	55,711
Other Assets	51,230	48,747	43,305	46,934	39,690
TOTAL ASSETS	\$ 2,429,872	\$ 2,454,307	\$ 2,400,180	\$ 2,410,718	\$ 2,330,371
LIABILITIES					
Deposits	\$ 1,916,040	\$ 1,997,593	\$ 2,039,595	\$ 1,964,270	\$ 1,960,952
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	192,097	142,409	57,920	126,833	22,938
Senior Notes, Net	14,781	14,765	14,749	14,733	14,717
Subordinated Debt, Net	24,634	24,607	24,580	24,553	33,031
Other Liabilities	26,752	25,608	24,547	21,710	22,525
TOTAL LIABILITIES	2,174,304	2,204,982	2,161,391	2,152,099	2,054,163
STOCKHOLDERS' EQUITY					
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Loss	298,365	299,203	295,258	294,621	296,386
Accumulated Other Comprehensive Loss:					
Net Unrealized (Losses) Gains on Available-for- sale Securities	(43,271)	(50,370)	(56,766)	(36,307)	(20,492)
Defined Benefit Plans	474	492	297	305	314
TOTAL STOCKHOLDERS' EQUITY	255,568	249,325	238,789	258,619	276,208
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 2,429,872	\$ 2,454,307	\$ 2,400,180	\$ 2,410,718	\$ 2,330,371

AVAILABLE-FOR-SALE DEBT SECURITIES
(In Thousands)

	March 31, 2023		December 31, 2022		March 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of the U.S. Treasury	\$ 33,924	\$ 31,163	\$ 35,166	\$ 31,836	\$ 38,152	\$ 36,494
Obligations of U.S. Government agencies	25,479	23,348	25,938	23,430	24,455	23,408
Bank holding company debt securities	28,947	24,723	28,945	25,386	24,942	24,043
Obligations of states and political subdivisions:						
Tax-exempt	128,285	117,812	146,149	132,623	149,140	143,633
Taxable	67,076	57,572	68,488	56,812	73,732	69,629
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:						
Residential pass-through securities	109,028	97,807	112,782	99,941	112,122	106,568
Residential collateralized mortgage obligations	42,296	38,117	44,868	40,296	45,628	43,868
Commercial mortgage-backed securities	84,449	74,195	91,388	79,686	90,682	85,270
Private label commercial mortgage-backed securities	8,105	8,077	8,070	8,023	0	0
Total Available-for-Sale Debt Securities	<u>\$ 527,589</u>	<u>\$ 472,814</u>	<u>\$ 561,794</u>	<u>\$ 498,033</u>	<u>\$ 558,853</u>	<u>\$ 532,913</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial real estate - nonowner occupied			
Nonowner occupied	\$ 457,814	\$ 454,386	\$ 364,491
Multi-family (5 or more) residential	58,111	55,406	52,240
1-4 Family - commercial purpose	166,773	165,805	169,887
Total commercial real estate - nonowner occupied	<u>682,698</u>	<u>675,597</u>	<u>586,618</u>
Commercial real estate - owner occupied	<u>221,766</u>	<u>205,910</u>	<u>204,209</u>
All other commercial loans:			
Commercial and industrial	83,420	95,368	109,576
Commercial lines of credit	119,109	141,444	102,458
Political subdivisions	85,555	86,663	75,895
Commercial construction and land	70,612	60,892	36,204
Other commercial loans	26,106	25,710	27,216
Total all other commercial loans	<u>384,802</u>	<u>410,077</u>	<u>351,349</u>
Residential mortgage loans:			
1-4 Family - residential	372,241	363,005	328,947
1-4 Family residential construction	29,479	30,577	16,945
Total residential mortgage	<u>401,720</u>	<u>393,582</u>	<u>345,892</u>
Consumer loans:			
Consumer lines of credit (including HELCs)	35,245	36,650	33,979
All other consumer	18,908	18,224	16,143
Total consumer	<u>54,153</u>	<u>54,874</u>	<u>50,122</u>
Total	<u>1,745,139</u>	<u>1,740,040</u>	<u>1,538,190</u>
Less: allowance for credit losses on loans	<u>(18,346)</u>	<u>(16,615)</u>	<u>(14,271)</u>
Loans, net	<u>\$ 1,726,793</u>	<u>\$ 1,723,425</u>	<u>\$ 1,523,919</u>

ADJUSTMENTS TO GROSS AMORTIZED COST OF LOANS
(In Thousands)

	March 31, 2023	Three Months Ended December 31, 2022	March 31, 2022
Market Rate Adjustment			
Adjustments to gross amortized cost of loans at beginning of period	\$ (916)	\$ (861)	\$ (637)
Amortization recognized in interest income	(52)	(55)	(248)
Adjustments to gross amortized cost of loans at end of period	<u>\$ (968)</u>	<u>\$ (916)</u>	<u>\$ (885)</u>
Credit Adjustment on Non-impaired Loans			
Adjustments to gross amortized cost of loans at beginning of period	\$ (1,840)	\$ (2,095)	\$ (3,335)
Accretion recognized in interest income	198	255	553
Adjustments to gross amortized cost of loans at end of period	<u>\$ (1,642)</u>	<u>\$ (1,840)</u>	<u>\$ (2,782)</u>

PAST DUE AND IMPAIRED LOANS, NONPERFORMING ASSETS
(Dollars In Thousands)

	March 31, 2023	December 31, 2022	March 31, 2022
Impaired loans with a valuation allowance	\$ 5,802	\$ 3,460	\$ 6,528
Impaired loans without a valuation allowance	3,507	14,871	1,494
Purchased credit impaired loans	0	1,027	3,983
Total impaired loans	<u>\$ 9,309</u>	<u>\$ 19,358</u>	<u>\$ 12,005</u>
Total loans past due 30-89 days and still accruing	<u>\$ 5,493</u>	<u>\$ 7,079</u>	<u>\$ 3,868</u>
Nonperforming assets:			
Purchased credit impaired loans	\$ 0	\$ 1,027	\$ 3,983
Other nonaccrual loans	12,876	22,058	10,962
Total nonaccrual loans	<u>12,876</u>	<u>23,085</u>	<u>14,945</u>
Total loans past due 90 days or more and still accruing	1,216	2,237	3,429
Total nonperforming loans	<u>14,092</u>	<u>25,322</u>	<u>18,374</u>
Foreclosed assets held for sale (real estate)	459	275	531
Total nonperforming assets	<u>\$ 14,551</u>	<u>\$ 25,597</u>	<u>\$ 18,905</u>
Total nonperforming loans as a % of total loans	0.81 %	1.46 %	1.19 %
Total nonperforming assets as a % of assets	0.60 %	1.04 %	0.81 %
Allowance for credit losses as a % of total loans	1.05 %	0.95 %	0.93 %

IMPACT OF ASU 2016-13 (CECL)
(In Thousands)

	As Reported Under ASC 326 January 1, 2023	Pre-ASC 326 Adoption December 31, 2022	Impact of ASC 326 Adoption
Loans receivable	\$ 1,740,846	\$ 1,740,040	\$ 806
Allowance for credit losses on loans	18,719	16,615	2,104
Allowance for credit losses on off-balance sheet exposures	1,218	425	793

ANALYSIS OF THE ALLOWANCE FOR CREDIT LOSSES ON LOANS
(In Thousands)

	3 Months Ended March 31, 2023	3 Months Ended December 31, 2022	3 Months Ended March 31, 2022	Year Ended December 31, 2022
Balance, beginning of period	\$ 16,615	\$ 16,170	\$ 13,537	\$ 13,537
Adoption of ASU 2016-13 (CECL)	2,104	0	0	0
Charge-offs	(67)	(1,828)	(180)	(4,245)
Recoveries	6	11	23	68
Net charge-offs	(61)	(1,817)	(157)	(4,177)
(Credit) provision for credit losses	(312)	2,262	891	7,255
Balance, end of period	<u>\$ 18,346</u>	<u>\$ 16,615</u>	<u>\$ 14,271</u>	<u>\$ 16,615</u>

ANALYSIS OF THE PROVISION FOR CREDIT LOSSES
(In Thousands)

	3 Months Ended March 31, 2023
(Credit) provision for credit losses:	
Loans receivable	\$ (312)
Off-balance sheet exposures (1)	(40)
Total (credit) provision for credit losses	<u>\$ (352)</u>

(1) The (credit) provision for credit losses on off-balance sheet exposures prior to January 1, 2023 was included in other noninterest expense in the consolidated statements of income.

COMPARISON OF INTEREST INCOME AND EXPENSE
(In Thousands)

	March 31, 2023	Three Months Ended December 31, 2022	March 31, 2022
INTEREST INCOME			
Interest-bearing due from banks	\$ 278	\$ 310	\$ 67
Available-for-sale debt securities:			
Taxable	2,211	2,217	1,969
Tax-exempt	767	910	905
Total available-for-sale debt securities	<u>2,978</u>	<u>3,127</u>	<u>2,874</u>
Loans receivable:			
Taxable	22,428	21,979	17,974
Paycheck Protection Program	3	59	575
Tax-exempt	713	675	573
Total loans receivable	<u>23,144</u>	<u>22,713</u>	<u>19,122</u>
Other earning assets	8	8	12
Total Interest Income	<u>26,408</u>	<u>26,158</u>	<u>22,075</u>
INTEREST EXPENSE			
Interest-bearing deposits:			
Interest checking	987	844	194
Money market	873	818	262
Savings	63	66	61
Time deposits	1,307	898	393
Total interest-bearing deposits	<u>3,230</u>	<u>2,626</u>	<u>910</u>
Borrowed funds:			
Short-term	1,097	127	1
Long-term - FHLB advances	681	460	49
Senior notes, net	120	120	118
Subordinated debt, net	230	230	363
Total borrowed funds	<u>2,128</u>	<u>937</u>	<u>531</u>
Total Interest Expense	<u>5,358</u>	<u>3,563</u>	<u>1,441</u>
Net Interest Income	<u>\$ 21,050</u>	<u>\$ 22,595</u>	<u>\$ 20,634</u>

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)

	March 31, 2023	Three Months Ended December 31, 2022	March 31, 2022
Net Interest Income Under U.S. GAAP	\$ 20,781	\$ 22,292	\$ 20,332
Add: fully taxable-equivalent interest income adjustment from tax-exempt securities	127	167	183
Add: fully taxable-equivalent interest income adjustment from tax-exempt loans	142	136	119
Net Interest Income as adjusted to a fully taxable-equivalent basis	<u>\$ 21,050</u>	<u>\$ 22,595</u>	<u>\$ 20,634</u>

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

	3 Months Ended 3/31/2023 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 12/31/2022 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 3/31/2022 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS						
Interest-bearing due from banks	\$ 31,637	3.56 %	\$ 40,288	3.05 %	\$ 84,115	0.32 %
Available-for-sale debt securities, at amortized cost:						
Taxable	410,110	2.19 %	415,538	2.12 %	390,301	2.05 %
Tax-exempt	131,392	2.37 %	146,466	2.46 %	144,334	2.54 %
Total available-for-sale debt securities	<u>541,502</u>	<u>2.23 %</u>	<u>562,004</u>	<u>2.21 %</u>	<u>534,635</u>	<u>2.18 %</u>
Loans receivable:						
Taxable	1,633,850	5.57 %	1,609,563	5.42 %	1,445,353	5.04 %
Paycheck Protection Program	162	7.51 %	1,044	22.42 %	18,849	12.37 %
Tax-exempt	91,851	3.15 %	88,583	3.02 %	83,659	2.78 %
Total loans receivable	<u>1,725,863</u>	<u>5.44 %</u>	<u>1,699,190</u>	<u>5.30 %</u>	<u>1,547,861</u>	<u>5.01 %</u>
Other earning assets	1,200	2.70 %	1,048	3.03 %	1,983	2.45 %
Total Earning Assets	<u>2,300,202</u>	<u>4.66 %</u>	<u>2,302,530</u>	<u>4.51 %</u>	<u>2,168,594</u>	<u>4.13 %</u>
Cash	22,276		23,154		20,703	
Unrealized loss on securities	(60,055)		(70,583)		(2,508)	
Allowance for credit losses	(17,053)		(16,612)		(13,783)	
Bank-owned life insurance	31,267		31,127		30,720	
Bank premises and equipment	21,518		21,752		21,043	
Intangible assets	55,331		55,433		55,765	
Other assets	67,333		64,341		44,952	
Total Assets	<u>\$ 2,420,819</u>		<u>\$ 2,411,142</u>		<u>\$ 2,325,486</u>	
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Interest checking	\$ 457,277	0.88 %	\$ 478,012	0.70 %	\$ 419,130	0.19 %
Money market	364,646	0.97 %	427,378	0.76 %	456,904	0.23 %
Savings	257,047	0.10 %	262,269	0.10 %	249,165	0.10 %
Time deposits	312,497	1.70 %	295,920	1.20 %	277,405	0.57 %
Total interest-bearing deposits	<u>1,391,467</u>	<u>0.94 %</u>	<u>1,463,579</u>	<u>0.71 %</u>	<u>1,402,604</u>	<u>0.26 %</u>
Borrowed funds:						
Short-term	91,767	4.85 %	14,229	3.54 %	1,746	0.23 %
Long-term - FHLB advances	80,648	3.42 %	62,998	2.90 %	26,102	0.76 %
Senior notes, net	14,773	3.29 %	14,757	3.23 %	14,709	3.25 %
Subordinated debt, net	24,620	3.79 %	24,594	3.71 %	32,948	4.47 %
Total borrowed funds	<u>211,808</u>	<u>4.07 %</u>	<u>116,578</u>	<u>3.19 %</u>	<u>75,505</u>	<u>2.85 %</u>
Total Interest-bearing Liabilities	1,603,275	1.36 %	1,580,157	0.89 %	1,478,109	0.40 %
Demand deposits	539,659		563,567		529,077	
Other liabilities	25,247		26,171		24,046	
Total Liabilities	<u>2,168,181</u>		<u>2,169,895</u>		<u>2,031,232</u>	
Stockholders' equity, excluding accumulated other comprehensive loss	299,599		296,717		295,996	
Accumulated other comprehensive loss	(46,961)		(55,470)		(1,742)	
Total Stockholders' Equity	<u>252,638</u>		<u>241,247</u>		<u>294,254</u>	
Total Liabilities and Stockholders' Equity	<u>\$ 2,420,819</u>		<u>\$ 2,411,142</u>		<u>\$ 2,325,486</u>	
Interest Rate Spread		3.30 %		3.62 %		3.73 %
Net Interest Income/Earning Assets		3.71 %		3.89 %		3.86 %
Total Deposits (Interest-bearing and Demand)	\$ 1,931,126		\$ 2,027,146		\$ 1,931,681	

- (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)

	March 31, 2023	Three Months Ended December 31, 2022	March 31, 2022
Trust revenue	\$ 1,777	\$ 1,749	\$ 1,786
Brokerage and insurance revenue	430	507	522
Service charges on deposit accounts	1,290	1,357	1,235
Interchange revenue from debit card transactions	1,007	1,098	963
Net gains from sales of loans	74	24	382
Loan servicing fees, net	122	203	210
Increase in cash surrender value of life insurance	138	140	135
Other noninterest income	771	1,032	588
Total noninterest income, excluding realized gains on securities, net	<u>\$ 5,609</u>	<u>\$ 6,110</u>	<u>\$ 5,821</u>

COMPARISON OF NONINTEREST EXPENSE
(In Thousands)

	March 31, 2023	Three Months Ended December 31, 2022	March 31, 2022
Salaries and employee benefits	\$ 11,427	\$ 10,135	\$ 10,607
Net occupancy and equipment expense	1,402	1,316	1,411
Data processing and telecommunications expenses	1,936	1,744	1,623
Automated teller machine and interchange expense	475	473	384
Pennsylvania shares tax	403	493	488
Professional fees	937	515	489
Other noninterest expense	2,507	1,911	1,884
Total noninterest expense	<u>\$ 19,087</u>	<u>\$ 16,587</u>	<u>\$ 16,886</u>