

# BANK & NOTES

CITIZENS & NORTHERN  
CORPORATION

C&N'S FIRST QUARTER REPORT

## DEAR SHAREHOLDER:

The start of each new quarter is an opportunity to reflect on the events that shaped the last, and this year's first quarter gave us occasion to celebrate.

On March 21st, C&N marked its 160th birthday, a milestone we observed with in-branch celebrations, historic photos and videos, and most notably, participating in the Nasdaq market opening bell ceremony in Times Square.

The executives and Board members who stood at the podium were proud to represent a company that, like the bell at the Market Place, echoes a rich history, and remains constant through times of challenge and change. Please see the Business & Culture segment included for more on this memorable occasion.

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*"AS WE EMBARK ON QUARTER TWO, WE'RE GRATEFUL FOR ALL OF OUR TEAMS, AND RECOGNIZE THAT OUR ENDURING LEGACY IS A RESULT OF THEIR DEDICATION AND YOUR COMMITMENT."*

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C&N produced solid results in the first quarter of 2024, further detailed in our earnings release. First Quarter net income was \$5,306,000 or \$0.35 diluted earnings per share as compared to \$0.28 per diluted share in the fourth quarter 2023 and \$0.40 in the first quarter 2023.

The economy showed ongoing resilience during the first quarter with GDP growth registering 1.6% and unemployment remaining below 4%. These strengths are

positives for sustaining loan growth and credit quality as ongoing recession fears have not materialized. Inflation was persistently above 3% and has likely delayed anticipated rate cuts from the Fed until later in 2024 or 2025.

This current rate environment is creating challenges to maintaining and expanding the net interest margin, which was 3.29% in the first quarter as compared to 3.31% in the fourth quarter 2023 and 3.71% in the first quarter 2023. Given the pressure on margin, increasing noninterest income is important and we saw an increase in wealth management revenues and a solid contribution through gains on sales of mortgage loans.

We're also focused on managing operating expenses while sustaining investments in people and technology that will support growth. Total operating expenses declined during the quarter as compared to the first quarter of 2023, indicating that the pace of expense growth is moderating.

As we celebrated our enduring legacy this spring, we're continuing to bring value across our footprint by bolstering our wealth team. In our North region we welcomed Wealth Advisor Brittanie Ockerhausen and in our Southcentral market, we welcomed commercial bankers Peter Miklos, Chau Nguyen, and Nathan Edmunds. We look forward to the value these teammates will bring to their respective regions.

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## C&N CELEBRATES 160 YEARS

On Thursday, March 21st, C&N reached a major milestone in our rich history as we celebrated 160 years of dedicated service to our communities. Starting as The First National Bank of Wellsborough in 1864, C&N expanded over the following decades to call more places our home, but the enthusiasm and devotion to our customers has never wavered.

Across our footprint, our teammates joined in the celebration by decorating our offices, playing C&N trivia and wearing our C&N gear. To cap the celebration off, we all huddled around our computers to watch the live feed of Brad Scovill's speech and bell ringing ceremony at Nasdaq in New York City.

The Nasdaq celebration was well represented by C&N, including



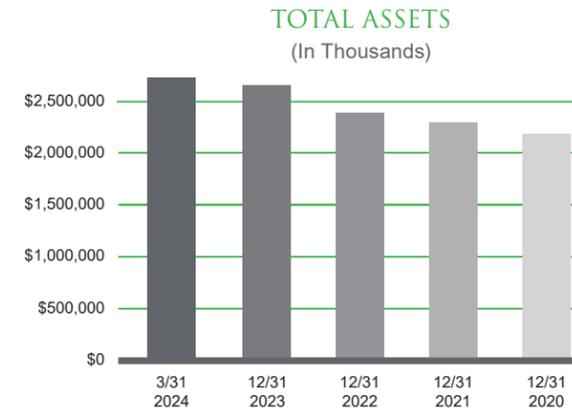
members of our board and executive leadership team. You can watch Brad's speech and bell ringing ceremony on C&N's Youtube channel or by following the QR code.



*"Standing on the shoulders of those who came before us while reaching for new heights is a delicate balance. But, with a talented team that is passionate about helping their neighbors succeed, innovation comes a bit easier."*

Excerpt from the speech by President & CEO, Brad Scovill, at Nasdaq on 3/21/2024

Below are unaudited financial highlights. Additional details on our Fourth Quarter financial results can be found on the Investor Relations section of our website section by scanning the QR code or visiting [cnbankpa.com/bancnotes](http://cnbankpa.com/bancnotes). The full unaudited financial results press release is available at [cnbankpa.com/Press-Releases](http://cnbankpa.com/Press-Releases).



### TABLE INFORMATION

(In Thousands)

	3/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total Assets	\$2,521,537	\$2,515,584	\$2,454,307	\$2,327,648	\$2,239,100

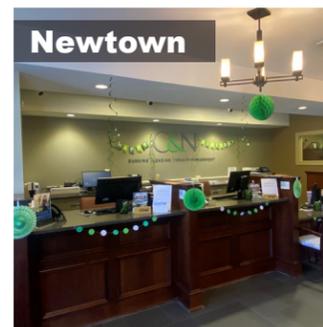
### Q1 HIGHLIGHTS

(In Thousands, Except Per Share Data)

	Q-1 2024	Q-1 2023	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$5,306	\$6,253	(\$947)	(15.14%)
Net Income Diluted Per Share	\$0.35	\$0.40	(\$0.05)	(12.50%)
Dividends Per Share	\$0.28	\$0.28	\$0.00	0.00%
Loans, Net	\$1,852,426	\$1,726,793	\$125,633	7.28%
Total Assets	\$2,521,537	\$2,429,872	\$91,665	3.77%
Deposits	\$1,995,903	\$1,916,040	\$79,863	4.17%
Total Stockholders' Equity	\$261,656	\$255,568	\$6,088	2.38%

### Citizens & Northern Corporation (CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
3.28.24	18.87	19.10	18.35	18.78	21,593



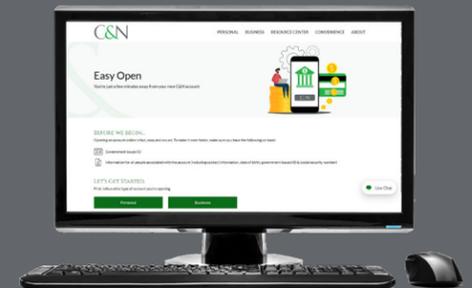
## NEW & EXCITING

WELCOMING THE NEXT GENERATION OF DIGITAL ACCOUNT OPENING

C&N recently unveiled a significant upgrade to our digital account opening platform. This innovative solution reflects our commitment to growing deposit accounts while offering a convenient and efficient way for customers to open new accounts.

Here is what's new to the digital account opening platform:

- A business-friendly digital experience, streamlining the account opening process for organizations.
- Expanded account options, including CDs and Super Money Funds.
- An updated interface that creates a seamless experience across our website.



Our dedicated Deposit Origination team has been diligently working for months to bring this platform to life, and we're thrilled with the final product and the enhancements it brings.

If you're interested in trying it out, visit [cnbankpa.com](http://cnbankpa.com) or follow the QR code to open your next account.



c/o American Stock Transfer  
& Trust Company, LLC  
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# BANCNOTES

C&N'S FIRST QUARTER REPORT

*(continued from cover page)*

As highlighted in the New & Exciting section of this report, we have gone live with our next generation online account opening platform, which allows for convenient online account opening for business and consumer accounts. We are optimistic that this substantial investment will create an outstanding customer experience, supporting our future growth and profitability.

Throughout our communities, our teams continue to show their dedication for our Giving Back, Giving Together cause of Supporting Seniors. Now in its final month, our teams have raised over \$60,000, and will work hard in May to generate

support for seniors in their areas. We will announce our next cause during the second quarter as C&N extends its historic commitment to the communities we serve.

Finally, we were pleased to announce the approval of a first quarter dividend of \$0.28 per share payable on May 17, 2024, to shareholders on record as of May 6, 2024. When annualized, this represents a 5.96% yield based on a March 31, 2024 closing price of \$18.78 per share. The consistency of the cash dividend reflects C&N's sustained financial strength and capacity to support future growth, while providing a significant return to our shareholders.

As we embark on quarter two, we're grateful for our teams, and recognize that our enduring legacy is a result of their dedication and your commitment. We look forward to partnering with you again in the months to come, remaining focused on creating value for our shareholders, customers and communities.

Thank you for your support.



J. Bradley Scovill  
President and CEO