



April 22, 2021

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C&N DECLARES DIVIDEND AND ANNOUNCES FIRST QUARTER 2021 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, 2021.

Dividend Declared

On April 22, 2021, C&N’s Board of Directors declared a regular quarterly cash dividend of \$0.28 per share. The dividend is payable on May 14, 2021 to shareholders of record as of May 3, 2021. The amount is increased 3.7% from the previous quarterly dividend of \$0.27 per share which was paid in February 2021.

Unaudited Financial Information

Net income was \$0.55 per diluted share in the first quarter 2021, up \$0.12 (27.9%) from \$0.43 in the fourth quarter 2020 and up \$0.25 (83.3%) from \$0.30 in the first quarter 2020. As described below, earnings of \$0.55 per share for the first quarter 2021 were 7.8% higher than fourth quarter 2020 non-U.S. GAAP earnings per share of \$0.51 as adjusted to exclude the impact of merger-related expenses, loss on prepayment of borrowings and net gains on available-for-sale debt securities. First quarter 2021 earnings per share were 77.4% higher than first quarter 2020 non-U.S. GAAP earnings per share of \$0.31 as adjusted to exclude the impact of merger-related expenses.

The following table provides a reconciliation of C&N’s unaudited earnings results under U.S. generally accepted accounting principles (U.S. GAAP) to comparative non-U.S. GAAP results excluding merger-related expenses, loss on prepayment of borrowings and net gains on available-for-sale debt securities. Management believes disclosure of unaudited earnings results for the periods presented, adjusted to exclude the impact of these items, provides useful information to investors for comparative purposes.

**RECONCILIATION OF UNAUDITED U.S. GAAP NET INCOME AND
DILUTED EARNINGS PER SHARE TO NON-U.S. GAAP MEASURE**

(Dollars In Thousands, Except Per Share Data)
(Unaudited)

	1st Quarter 2021				1st Quarter 2020			
	Income Before Income Tax Provision	Income Tax Provision	Net Income	Diluted Earnings per Common Share	Income Before Income Tax Provision	Income Tax Provision	Net Income	Diluted Earnings per Common Share
Earnings Under U.S. GAAP	\$ 10,897	\$ 2,110	\$ 8,787	\$ 0.55	\$ 4,982	\$ 816	\$ 4,166	\$ 0.30
Add: Merger-Related Expenses (1)	0	0	0		141	29	112	
Adjusted Earnings (Non-U.S. GAAP)	<u>\$ 10,897</u>	<u>\$ 2,110</u>	<u>\$ 8,787</u>	<u>\$ 0.55</u>	<u>\$ 5,123</u>	<u>\$ 845</u>	<u>\$ 4,278</u>	<u>\$ 0.31</u>

	4th Quarter 2020			
	Income Before Income Tax Provision	Income Tax Provision	Net Income	Diluted Earnings per Common Share
Earnings Under U.S. GAAP	\$ 8,251	\$ 1,481	\$ 6,770	\$ 0.43
Add: Merger-Related Expenses (1)	182	38	144	
Add: Loss on Prepayment of Borrowings (1)	1,636	344	1,292	
Net Gains on Available-for-Sale Debt Securities (1)	(144)	(30)	(114)	
Adjusted Earnings (Non-U.S. GAAP)	<u>\$ 9,925</u>	<u>\$ 1,833</u>	<u>\$ 8,092</u>	<u>\$ 0.51</u>

(1) Income tax has been allocated based on a marginal income tax rate of 21%.

Acquisition of Covenant Financial, Inc.

On July 1, 2020, C&N completed its acquisition of Covenant Financial, Inc. (“Covenant”). Covenant was the holding company for Covenant Bank, which operated banking offices in Bucks and Chester Counties of Pennsylvania. The Covenant acquisition has contributed significantly to growth in the size of C&N’s balance sheet and in net interest income and noninterest expenses.

In connection with the transaction, C&N recorded goodwill of \$24.1 million and a core deposit intangible asset of \$3.1 million. Total loans acquired on July 1, 2020 were valued at \$464.2 million, while total deposits assumed were valued at \$481.8 million, borrowings were valued at \$64.0 million and subordinated debt was valued at \$10.1 million. The Corporation acquired available-for-sale debt securities valued at \$10.8 million and bank-owned life insurance valued at \$11.2 million.

Merger-related expenses related to the planned acquisition of Covenant totaled \$141,000 in the first quarter 2020.

Highlights related to C&N's first quarter unaudited U.S. GAAP earnings results as compared to the fourth quarter 2020 and comparative period of 2020 are presented below.

First Quarter 2021 as Compared to Fourth Quarter 2020

Net income was \$8,787,000, or \$0.55 per diluted share, for the first quarter 2021, up from \$6,770,000, or \$0.43 per diluted share, in the fourth quarter 2020. Adjusted (non-U.S. GAAP) earnings for the fourth quarter 2020, excluding the effects of merger-related expenses, loss on prepayment of borrowings and net realized gains on securities, were \$0.51 per share. Other significant variances were as follows:

- Net interest income totaled \$20,083,000 in the first quarter 2021, up \$328,000 from the fourth quarter 2020 amount of \$19,755,000. Significant variances included the following:
 - Total interest and fees from loans originated under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) were \$1,998,000 in the first quarter 2021, an increase of \$503,000 over the fourth quarter 2020 total. This increase in income from PPP loans resulted from accelerated recognition of origination fees based on the SBA's repayment of loans tied to the forgiveness of the underlying borrowers. Total fee income from PPP loans amounted to \$1,645,000 in the first quarter 2021 (included in the \$1,998,000 noted above) and \$1,099,000 in the fourth quarter 2020.
 - Accretion and amortization of purchase accounting adjustments had a net positive impact on net interest income of \$952,000 in the first quarter 2021 as compared to a net positive impact of \$1,273,000 in the fourth quarter 2020.
 - Average loans outstanding totaled \$1.635 billion in the first quarter 2021, down \$35.0 million from the prior quarter, including a \$13.9 million decrease in average PPP loans as well as decreases in other commercial loans and residential mortgage loans. The reduction in average residential mortgage loans outstanding reflects a greater proportion of residential mortgage loans originated being sold on the secondary market.
 - Average total deposits decreased \$14.5 million, including a decrease in average time deposits of \$45.7 million. Average total borrowed funds decreased \$54.1 million, including the impact of prepaying long-term borrowings in the fourth quarter 2020.
 - The net interest rate spread increased 0.26%, as the average yield on earning assets increased 0.18% while the average rate on interest-bearing liabilities decreased 0.08%. The net interest margin was 4.00% in the first quarter 2021, up from 3.76% in the fourth quarter 2020.
- The provision for loan losses was \$259,000 in the first quarter 2021, a decrease in expense of \$361,000 from the fourth quarter 2020 provision of \$620,000. The first quarter provision included a net charge of \$182,000 related to specific loans (increase in specific allowances on loans of \$199,000, partially offset by net recoveries of \$17,000), an increase of \$92,000 in the unallocated portion of the allowance and a credit of \$15,000 attributable to decreases in the collectively determined portion of the allowance for loan losses.
- Noninterest income was \$6,782,000 in the first quarter 2021, up \$217,000 from the fourth quarter 2020 amount. Significant variances included the following:
 - Other noninterest income totaled \$1,472,000, an increase of \$700,000 from the fourth quarter total including an increase in income from tax credits of \$765,000. The increase in income from tax credits included the 90% credits on the higher amount of PA Educational Improvement Tax Credit Program donations noted below.

- Net gains from sales of loans totaled \$1,064,000 in the first quarter 2021, a decrease of \$408,000 from the fourth quarter total. The volume of residential mortgage loans sold in the first quarter 2021 was high by C&N's historical standards, though down from the fourth quarter 2020.
- Service charges on deposit accounts totaled \$1,015,000, a decrease of \$90,000 from the fourth quarter total as the volume of consumer overdraft activity fell.
- Noninterest expense, excluding merger-related expenses and loss on prepayment of borrowings, of \$15,709,000 decreased \$66,000 in the first quarter 2021 from the fourth quarter 2020 amount. Significant variances included the following:
 - Salaries and employee benefits of \$8,895,000 decreased \$1,103,000 from the fourth quarter 2020 total, as fourth quarter 2020 incentive compensation expense increased based on an updated comparison of C&N's 2020 earnings performance to peers and fourth quarter COVID-19 related compensation costs.
 - Other noninterest expense of \$2,755,000 increased \$697,000 from the fourth quarter total, reflecting an increase in donations of \$781,000 relating to the PA Educational Improvement Tax Credit Program.
 - Professional fees increased \$120,000 related to recruiting services and SBA processing professional fees.
 - Net occupancy and equipment expense increased \$110,000 from the fourth quarter total, including seasonal increases in snow removal and fuel costs.
- The income tax provision was \$2,110,000 for the first quarter 2021, up from \$1,481,000 for the fourth quarter 2020. The increase in income tax provision reflected the increase in pre-tax income of \$2,646,000 for the quarter.

First Quarter 2021 as Compared to First Quarter 2020

As described above, first quarter 2021 net income was \$8,787,000. In comparison, first quarter 2020 net income was \$4,166,000, and excluding merger-related expenses, adjusted (non-U.S. GAAP) earnings were \$4,278,000. Other significant variances were as follows:

- First quarter 2021 net interest income of \$20,083,000 was \$5,801,000 higher than the first quarter 2020 total, reflecting the impact of growth mainly attributable to the Covenant acquisition. Average outstanding loans increased \$466.1 million, and average total deposits increased \$570.9 million. The net interest margin for the first quarter 2021 was 4.00% as compared to 3.83% for the first quarter 2020. The average yield on earning assets of 4.33% for the first quarter 2021 was down 0.22% from the first quarter 2020, while the average rate on interest-bearing liabilities of 0.47% in the first quarter 2021 was 0.54% lower than the comparable first quarter 2020 average rate. Accretion and amortization of purchase accounting adjustments had a net positive impact on net interest income of \$952,000 in the first quarter 2021 as compared to a net positive impact of \$417,000 in the first quarter 2020.
- The provision for loan losses was \$259,000 in the first quarter 2021 as compared to \$1,528,000 in the first quarter 2020. Details concerning the first quarter 2021 provision for loan losses were described previously. In the first quarter 2020, the provision included the effects of recording a specific allowance of \$1,193,000 on a commercial loan for which a charge-off of \$2,219,000 was subsequently recorded in the third quarter 2020.

- Noninterest income for the first quarter 2021 was up \$1,501,000 from the first quarter 2020 total. Significant variances included the following:
 - Net gains from sales of loans of \$1,064,000 for the first quarter 2021 were up \$749,000 from the total for the first quarter 2020. The increase reflects an increase in volume of mortgage loans sold, due mainly to the impact of historically low interest rates on the housing market and refinancing activity.
 - Other noninterest income totaled \$1,472,000, an increase of \$411,000 from the first quarter 2020. Income from tax credits of \$765,000, an increase of \$262,000 compared to the first quarter 2020, was due to higher PA Educational Improvement Tax Credit Program donations. In the first quarter 2021, fee income for providing credit enhancement on sale of mortgage loans increased \$100,000 and income from a full-service title agency acquired from Covenant increased \$47,000.
 - Loan servicing fees, net, were \$248,000 in the first quarter 2021, an increase of \$262,000 over the first quarter 2020 total. The fair value of servicing rights increased \$75,000 in the first quarter 2021 as compared to a reduction in fair value of \$126,000 in the first quarter 2020.
 - Interchange revenue from debit card transactions totaled \$881,000 in the first quarter 2021, an increase of \$150,000 over the first quarter 2020 total.
 - Trust revenue of \$1,626,000 increased \$147,000 reflecting the impact of growth in trust assets under management including the impact of market value appreciation.
 - Service charges on deposit accounts of \$1,015,000 in the first quarter 2021 were down \$235,000 from the first quarter 2020 amount, as the volume of consumer and business overdraft activity fell.
- Noninterest expense, excluding merger-related expenses, increased \$2,797,000 in the first quarter 2021 over the first quarter 2020 amount. Significant variances included the following:
 - Salaries and employee benefits of \$8,895,000 increased \$1,517,000, reflecting an increase in personnel due to the Covenant acquisition.
 - Other noninterest expense increased \$646,000. Within this category, donations increased \$279,000 relating to the PA Educational Improvement Tax Credit Program, FDIC insurance increased \$140,000, other operational losses totaling \$123,000 increased \$83,000, amortization of core deposit intangibles increased \$72,000 related to the Covenant acquisition, and the provision for credit losses on mortgage loans sold with credit enhancement increased \$60,000.
 - Net occupancy and equipment expense increased \$201,000, primarily reflecting an increase due to the Covenant acquisition.
 - Professional fees increased \$168,000 related to recruiting services and SBA processing professional fees.
 - Data processing and telecommunications expenses increased \$156,000, including the impact of growth related to the Covenant acquisition, increased costs from outsourced support services and other increases in software licensing and maintenance costs.
- The income tax provision of \$2,110,000 for the first quarter 2021 was up \$1,294,000 from \$816,000 for the first quarter 2020, reflecting higher pre-tax income.

Other Information:

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$2,333,595,000 at March 31, 2021, up from \$2,239,100,000 at December 31, 2020 and up 43.2% from \$1,629,445,000 at March 31, 2020.
- Net loans outstanding (excluding mortgage loans held for sale) were \$1,602,924,000 at March 31, 2021, down from \$1,632,824,000 at December 31, 2020 and up 38.6% from \$1,156,143,000 at March 31, 2020. In comparing outstanding balances at March 31, 2021 and 2020, total commercial loans were up \$428.1 million (75.2%), including PPP loans of \$137.8 million, total residential mortgage loans were higher by \$19.6 million (3.4%) and total consumer loans were down \$0.6 million (3.7%). The outstanding balance of residential mortgage loans originated and serviced by C&N that have been sold to third parties was \$295.5 million at March 31, 2021, up \$113.1 million (62.0%) from March 31, 2020.
- The recorded investment in PPP loans at March 31, 2021 of \$137.8 million included a first draw amount of \$71.7 million and a second draw amount of \$66.1 million with contractual principal balances totaling \$73.0 million and \$69.0 million, respectively, adjusted by net deferred loan origination fees and a market rate adjustment on PPP loans acquired from Covenant. The recorded investment of \$71.7 million in first draw PPP loans at March 31, 2021 decreased \$60.6 million from \$132.3 million at December 31, 2020, reflecting the impact of loans forgiven and repaid by the SBA. The term of the first draw PPP loans is two years, with repayment from the SBA to occur sooner to the extent the loans are forgiven. Second draw PPP loans have terms of five years, with repayment from the SBA to occur sooner to the extent the loans are forgiven.
- To work with clients impacted by COVID-19, C&N is offering short-term loan modifications (deferrals) on a case-by-case basis to borrowers who were current in their payments prior to modification. These loans are not reported as past due or troubled debt restructurings during the deferral period. At March 31, 2021, there were 25 loans, with an aggregate recorded investment of approximately \$26.0 million, in deferral status under the program. In comparison, at December 31, 2020, C&N had 45 loans with an aggregate recorded investment of \$37.4 million in deferral status. Within these totals, loans in deferral status to commercial borrowers in the hotel industry totaled \$19.5 million at March 31, 2021 and \$25.1 million at December 31, 2020.
- Total nonperforming assets as a percentage of total assets was 1.07% at March 31, 2021, down from 1.10% at December 31, 2020 and up from 0.99% at March 31, 2020. Total nonperforming assets were \$24.9 million at March 31, 2021 and \$24.7 million at December 31, 2020.
- The allowance for loan losses was \$11.7 million at March 31, 2021, or 0.72% of total loans as compared to \$11.4 million or 0.69% of total loans at December 31, 2020. 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 non-impaired loans at March 31, 2021 was \$16.8 million, or 1.04% of total loans receivable and the credit adjustment. The comparative ratios were 1.05% at December 31, 2020 and 1.06% at March 31, 2020.
- Deposits totaled \$1,923,925,000 at March 31, 2021, up from \$1,820,469,000 at December 31, 2020, and up 53.9% from \$1,249,912,000 at March 31, 2020. The increase in deposits at March 31, 2021 included the effects of PPP-related increases, U.S. government stimulus funding and other factors.

- Total stockholders' equity was \$300,056,000 at March 31, 2021, up from \$299,756,000 at December 31, 2020 and \$251,228,000 at March 31, 2020. The increase in stockholders' equity from March 31, 2020 included the impact of common stock issued in July 2020 related to the Covenant acquisition. Within stockholders' equity, the portion of accumulated other comprehensive income related to available-for-sale debt securities was \$6,847,000 at March 31, 2021, down from \$11,676,000 at December 31, 2020 and \$9,230,000 at March 31, 2020. Fluctuations in accumulated other comprehensive income related to valuations of available-for-sale debt securities have been caused by changes in interest rates.
- Citizens & Northern Bank is subject to various regulatory capital requirements. At March 31, 2021, 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 \$1,142,573,000 at March 31, 2021, up 3.6% from \$1,103,228,000 at December 31, 2020 and 31.4% from \$869,636,000 at March 31, 2020. Fluctuations in values of assets under management reflect the impact of high recent market volatility.

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 and Tioga Counties in Pennsylvania and Steuben County in New York, as well as loan production offices in Elmira, New York and York, Pennsylvania. 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: the effect of COVID-19 and related events, which could have a negative effect on C&N's business prospects, financial condition and results of operations, including as a result of quarantines; market volatility; market downturns; changes in consumer behavior; business closures; deterioration in the credit quality of borrowers or the inability of borrowers to satisfy their obligations to C&N (and any related forbearances or restructurings that may be implemented); changes in the value of collateral securing outstanding loans; changes in the value of the investment securities portfolio; effects on key employees, including operational management personnel and those charged with preparing, monitoring and evaluating the companies' financial reporting and internal controls; declines in the demand for loans and other banking services and products, as well as increases in non-performing loans, owing to the effects of COVID-19 in the markets served by C&N and in the United States as a whole; declines in demand resulting from adverse impacts of the disease on businesses deemed to be "non-essential" by governments and individual customers in the markets served by C&N; or branch or office closures and business interruptions triggered by the disease; 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 caused by factors other than COVID-19; legislative or regulatory changes; downturn in demand for loan, deposit and other financial services in the Corporation's market area; increased competition from other banks and non-bank providers of financial services; technological changes and increased technology-related costs; changes in management's assessment of realization of securities and other assets; and changes in accounting principles, or the application of generally accepted accounting principles. 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.



March 31, 2021

QUARTERLY REPORT

Dear Shareholder:

The U.S economy strengthened during the first quarter of 2021 as substantial additional federal spending, monetary policy support from the Federal Reserve, and accelerated vaccine distribution reinforced confidence in our ability to move through the pandemic and on to the “next normal” later this year. While short-term interest rates remain anchored at near zero, longer-term interest rates rose and there is now more slope to the yield curve than we have had in over a year. We expect support from Washington to continue as the new administration is pressing for additional spending to support the economic recovery and the Fed has clearly stated its intention to hold short-term rates at or near the present level for the foreseeable future. The liquidity created through these collective efforts has contributed to strong equity markets, generally, and the banking sector performed well during the quarter.

Internally, we substantially completed a management reorganization during the first quarter that further aligns the Team to deliver on our mission of “Creating Value Through Relationships” while leveraging corporate resources to support future growth. Competition, technology and the economy have changed significantly, and COVID has accelerated the adoption of innovations that support online commerce and a remote workforce and altered consumer behavior. When combined with our recent success in establishing a substantial franchise in southeastern PA and initial LPO in southcentral PA (York), we needed to adjust and clarify the structure to meet customer needs, drive strategic priorities, and develop talent for the future. A press release that includes the details was issued on March 1 and it is appropriate to congratulate all those across C&N that have earned new opportunities to lead our company.

C&N was very active during the quarter with the Paycheck Protection Program (PPP) loans by funding \$73 million of customer requests in the latest round following the \$175 million provided to customers during the initial round in 2020. We continued to work through the forgiveness process with those customers who received PPP loans last year with over \$95 million of the \$175 million completed as of March 31. Residential mortgage lending also continued to be very strong, although somewhat below the pace in 2020, as low interest rates remain supportive of housing and refinance activity. PPP and mortgage lending have been our primary focus to meet customer needs and provide support through this uncertain time.

First quarter results were very strong with net income of \$8.8 million compared to \$4.2 million in the same quarter of 2020 while diluted earnings per share was \$.55, up from \$.30 last year. The impact of the Covenant acquisition is reflected in C&N’s profile and many performance metrics. 2021 net interest income of \$20,083,000, including \$1,998,000 of interest and fees on PPP loans, was \$5,801,000 higher than the first quarter 2020 total. Average outstanding loans increased \$466.1 million and average total deposits increased \$570.9 million year-over-year. Core deposit growth was solid and our funding mix continues to improve, reflecting the success of our relationship model, the impact of PPP-related activity and the desire of many customers to sustain cash reserves in this environment. The net interest margin for the first quarter 2021 was 4.00% as compared to 3.83% for the first quarter 2020. The average yield on earning assets of 4.33% for the first quarter 2021 was down 0.22% from the first quarter 2020, while the average rate on interest-bearing liabilities of 0.47% in the fourth quarter 2020 was 0.54% lower than the comparable first quarter 2020 average rate.

Overall credit quality metrics remained stable with minimal charge-offs and recoveries, resulting in a net recovery of \$17,000 during the quarter. The provision for loan losses was \$259,000 in the first quarter 2021 as compared to \$1,528,000 in the first quarter 2020 which included the effects of recording a specific allowance of \$1,193,000 on a commercial loan for which a charge-off of \$2,219,000 was subsequently recorded in the third quarter 2020.

Noninterest income for the first quarter 2021 was up \$1,501,000 from the first quarter 2020 total. Net gains from sales of loans of \$1,064,000 for the first quarter 2021 were up \$749,000 from the total for the first quarter 2020, reflecting an increase in volume of mortgage loans sold due mainly to the impact of historically low interest rates on the housing market and refinancing activity mentioned earlier. Other significant contributors to the overall increase were greater income from tax credits related to PA Educational Improvement Tax Credit Program donations (\$262,000), loan servicing income (\$262,000), interchange fees (\$150,000), and trust revenues (\$147,000), while service charges on deposit accounts declined (\$235,000).

Noninterest expense, excluding merger-related expenses, increased \$2,797,000 in the first quarter 2021 over the first quarter 2020 amount. Nearly all categories were impacted by the Covenant acquisition including salaries and employee benefits, net occupancy expenses, and IT and related contract expenses. Donations expenses also rose consistent with the tax credit revenue mentioned previously. The result, however, is that total revenues increased substantially more than expenses, resulting in an efficiency ratio of just under 58% in the first quarter of 2021 compared to 65% in the first quarter of 2020.

C&N strength continues to be reflected in capital ratios, which are at levels that demonstrate the capacity to absorb significant credit losses, if they arise, while continuing to meet regulatory requirements to be considered well capitalized. In January, the Board approved and announced a stock repurchase program of up to 1 million shares in open market transactions, replacing the existing program that included up to 600,000 shares. No purchases were made during the first quarter. In April, the Board declared a regular quarterly cash dividend of \$.28 per share to shareholders of record on May 3, 2021, payable on May 14, 2021. This is a 3.7% increase from the \$.27 quarterly cash dividend paid during 2020 and the first quarter 2021.

In closing, I want to thank the C&N Team for their ongoing commitment to our Company's mission. In addition to the results and accomplishments set forth in this letter, their support of the community through GBGT continues to be extraordinary. Please review the Community&Commitment section of this report for the details.

As always, we appreciate your confidence in this team and support of our Company. We have started 2021 with a strong first quarter and hope to see many of you in person as the world reopens in the months ahead.



J. Bradley Scovill
President and CEO

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

	1ST QUARTER 2021 (Current)	1ST QUARTER 2020 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 21,754	\$ 17,037	\$ 4,717	27.69 %
Interest Expense	1,671	2,755	(1,084)	(39.35)%
Net Interest Income	20,083	14,282	5,801	40.62 %
Provision for Loan Losses	259	1,528	(1,269)	(83.05)%
Net Interest Income After Provision for Loan Losses	19,824	12,754	7,070	55.43 %
Noninterest Income	6,782	5,281	1,501	28.42 %
Merger-Related Expenses	0	141	(141)	(100.00)%
Other Noninterest Expenses	15,709	12,912	2,797	21.66 %
Income Before Income Tax Provision	10,897	4,982	5,915	118.73 %
Income Tax Provision	2,110	816	1,294	158.58 %
Net Income	\$ 8,787	\$ 4,166	\$ 4,621	110.92 %
Net Income Attributable to Common Shares (1)	\$ 8,722	\$ 4,146	\$ 4,576	110.37 %
PER COMMON SHARE DATA:				
Net Income - Basic	\$ 0.55	\$ 0.30	\$ 0.25	83.33 %
Net Income - Diluted	\$ 0.55	\$ 0.30	\$ 0.25	83.33 %
Dividend Per Share - Quarterly	\$ 0.27	\$ 0.27	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,850,217	13,685,257		
Number of Shares Used in Computation - Diluted	15,854,451	13,699,238		

(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
(In Thousands) (Unaudited)

	March 31, 2021	March 31, 2020	March 31, 2021 vs 2020	
			\$ Incr. (Decr.)	% Incr. (Decr.)
ASSETS				
Cash & Due from Banks	\$ 207,145	\$ 32,678	\$ 174,467	533.90 %
Available-for-sale Debt Securities	366,376	342,416	23,960	7.00 %
Loans, Net	1,602,926	1,156,143	446,783	38.64 %
Bank-Owned Life Insurance	30,247	18,745	11,502	61.36 %
Bank Premises and Equipment, Net	20,740	18,023	2,717	15.08 %
Intangible Assets	56,222	29,573	26,649	90.11 %
Other Assets	49,939	31,867	18,072	56.71 %
TOTAL ASSETS	<u>\$ 2,333,595</u>	<u>\$ 1,629,445</u>	<u>\$ 704,150</u>	<u>43.21 %</u>
LIABILITIES				
Deposits	\$ 1,923,925	\$ 1,249,912	\$ 674,013	53.92 %
Borrowed Funds	60,230	110,551	(50,321)	(45.52)%
Subordinated Debt	16,534	6,500	10,034	154.37 %
Other Liabilities	32,850	11,254	21,596	191.90 %
TOTAL LIABILITIES	<u>2,033,539</u>	<u>1,378,217</u>	<u>655,322</u>	<u>47.55 %</u>
STOCKHOLDERS' EQUITY				
Common Stockholders' Equity, Excluding Accumulated				
Other Comprehensive Income	293,097	241,754	51,343	21.24 %
Accumulated Other Comprehensive Income:				
Net Unrealized Gains on Available-for-sale Debt Securities	6,847	9,230	(2,383)	(25.82)%
Defined Benefit Plans	112	244	(132)	(54.10)%
TOTAL STOCKHOLDERS' EQUITY	<u>300,056</u>	<u>251,228</u>	<u>48,828</u>	<u>19.44 %</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$ 2,333,595</u>	<u>\$ 1,629,445</u>	<u>\$ 704,150</u>	<u>43.21 %</u>

EXHIBIT 99.3 – Supplemental, Unaudited Financial Information



CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS

(Dollars In Thousands, Except Per Share Data)

(Unaudited)

	AS OF OR FOR THE THREE MONTHS ENDED		%
	2021	March 31, 2020	
EARNINGS PERFORMANCE			
Net Income	\$ 8,787	\$ 4,166	110.92 %
Return on Average Assets (Annualized)	1.57 %	1.02 %	53.92 %
Return on Average Equity (Annualized)	11.72 %	6.74 %	73.89 %
BALANCE SHEET HIGHLIGHTS			
Total Assets	\$ 2,333,595	\$ 1,629,445	43.21 %
Available-for-Sale Debt Securities	366,376	342,416	7.00 %
Loans (Net)	1,602,926	1,156,143	38.64 %
Allowance for Loan Losses	11,661	11,330	2.92 %
Deposits	1,923,925	1,249,912	53.92 %
OFF-BALANCE SHEET			
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$ 295,504	\$ 182,410	62.00 %
Trust Assets Under Management	1,142,573	869,636	31.39 %
STOCKHOLDERS' VALUE (PER COMMON SHARE)			
Net Income - Basic	\$ 0.55	\$ 0.30	83.33 %
Net Income - Diluted	\$ 0.55	\$ 0.30	83.33 %
Dividends - Quarterly	\$ 0.27	\$ 0.27	0.00 %
Common Book Value	\$ 18.75	\$ 18.22	2.91 %
Tangible Common Book Value (a)	\$ 15.24	\$ 16.08	(5.22)%
Market Value (Last Trade)	\$ 23.78	\$ 20.00	18.90 %
Market Value / Common Book Value	126.83 %	109.77 %	15.54 %
Market Value / Tangible Common Book Value	156.04 %	124.38 %	25.45 %
Price Earnings Multiple (Annualized)	10.81	16.67	(35.15)%
Dividend Yield (Annualized)	4.54 %	5.40 %	(15.93)%
Common Shares Outstanding, End of Period	15,999,814	13,787,160	16.05 %

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)
	2021	2020	
SAFETY AND SOUNDNESS			
Tangible Common Equity / Tangible Assets (a)	10.71 %	13.85 %	(22.67)%
Nonperforming Assets / Total Assets	1.07 %	0.99 %	8.08 %
Allowance for Loan Losses / Total Loans	0.72 %	0.97 %	(25.77)%
Total Risk Based Capital Ratio (b)	18.15 %	21.07 %	(13.86)%
Tier 1 Risk Based Capital Ratio (b)	16.19 %	19.40 %	(16.55)%
Common Equity Tier 1 Risk Based Capital Ratio (b)	16.19 %	19.40 %	(16.55)%
Leverage Ratio (b)	10.88 %	13.21 %	(17.64)%
AVERAGE BALANCES			
Average Assets	\$ 2,242,686	\$ 1,637,165	36.99 %
Average Equity	\$ 299,889	\$ 247,402	21.22 %
EFFICIENCY RATIO (c)			
Net Interest Income on a Fully Taxable-Equivalent Basis (c)			
Basis (c)	\$ 20,356	\$ 14,506	40.33 %
Noninterest Income	6,782	5,281	28.42 %
Total (1)	\$ 27,138	\$ 19,787	37.15 %
Noninterest Expense Excluding Merger Expenses (2)	\$ 15,709	\$ 12,912	21.66 %
Efficiency Ratio = (2)/(1)	57.89 %	65.25 %	(11.28)%

(a) Tangible book value per common 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	\$ 2,333,595	\$ 1,629,445
Less: Intangible Assets, Primarily Goodwill	(56,222)	(29,573)
Tangible Assets	\$ 2,277,373	\$ 1,599,872
Total Stockholders' Equity	\$ 300,056	\$ 251,228
Less: Intangible Assets, Primarily Goodwill	(56,222)	(29,573)
Tangible Common Equity (3)	\$ 243,834	\$ 221,655
Common Shares Outstanding, End of Period (4)	15,999,814	13,787,160
Tangible Common Book Value per Share = (3)/(4)	\$ 15.24	\$ 16.08

(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%. In the calculation above, management excluded merger-related expenses.

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

	For the Three Months Ended :				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Interest income	\$ 21,754	\$ 21,859	\$ 21,751	\$ 16,513	\$ 17,037
Interest expense	1,671	2,104	2,469	2,267	2,755
Net interest income	20,083	19,755	19,282	14,246	14,282
Provision (credit) for loan losses	259	620	1,941	(176)	1,528
Net interest income after provision (credit) for loan losses	19,824	19,135	17,341	14,422	12,754
Noninterest income	6,782	6,565	6,970	5,528	5,281
Net gains on securities	0	144	25	0	0
Loss on prepayment of borrowings	0	1,636	0	0	0
Merger-related expenses	0	182	6,402	983	141
Other noninterest expenses	15,709	15,775	14,648	12,274	12,912
Income before income tax provision	10,897	8,251	3,286	6,693	4,982
Income tax provision	2,110	1,481	438	1,255	816
Net income	\$ 8,787	\$ 6,770	\$ 2,848	\$ 5,438	\$ 4,166
Net income attributable to common shares	\$ 8,722	\$ 6,727	\$ 2,830	\$ 5,405	\$ 4,146
Basic earnings per common share	\$ 0.55	\$ 0.43	\$ 0.18	\$ 0.39	\$ 0.30
Diluted earnings per common share	\$ 0.55	\$ 0.43	\$ 0.18	\$ 0.39	\$ 0.30

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

	As of: March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
ASSETS					
Cash & Due from Banks	\$ 207,145	\$ 101,857	\$ 174,478	\$ 77,642	\$ 32,678
Available-for-Sale Debt Securities	366,376	349,332	340,545	332,188	342,416
Loans, Net	1,602,926	1,632,824	1,680,617	1,230,387	1,156,143
Bank-Owned Life Insurance	30,247	30,096	29,942	18,843	18,745
Bank Premises and Equipment, net	20,740	21,526	21,504	18,332	18,023
Intangible Assets	56,222	56,356	56,585	29,511	29,573
Other Assets	49,939	47,109	49,122	38,563	31,867
TOTAL ASSETS	\$ 2,333,595	\$ 2,239,100	\$ 2,352,793	\$ 1,745,466	\$ 1,629,445
LIABILITIES					
Deposits	\$ 1,923,925	\$ 1,820,469	\$ 1,871,514	\$ 1,381,178	\$ 1,249,912
Borrowed Funds	60,230	74,630	143,657	87,308	110,551
Subordinated Debt	16,534	16,553	16,572	6,500	6,500
Other Liabilities	32,850	27,692	24,734	14,689	11,254
TOTAL LIABILITIES	2,033,539	1,939,344	2,056,477	1,489,675	1,378,217
STOCKHOLDERS' EQUITY					
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Income	293,097	287,961	284,707	244,080	241,754
Accumulated Other Comprehensive Income:					
Net Unrealized Gains on Available-for-sale Securities	6,847	11,676	11,376	11,472	9,230
Defined Benefit Plans	112	119	233	239	244
TOTAL STOCKHOLDERS' EQUITY	300,056	299,756	296,316	255,791	251,228
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 2,333,595	\$ 2,239,100	\$ 2,352,793	\$ 1,745,466	\$ 1,629,445

AVAILABLE-FOR-SALE DEBT SECURITIES
(In Thousands)

	March 31, 2021		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of the U.S. Treasury	\$ 15,117	\$ 15,085	\$ 12,184	\$ 12,182
Obligations of U.S. Government agencies	24,763	24,992	25,349	26,344
Obligations of states and political subdivisions:				
Tax-exempt	120,974	125,118	116,427	122,401
Taxable	51,823	52,538	45,230	47,452
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:				
Residential pass-through securities	38,790	39,757	36,853	38,176
Residential collateralized mortgage obligations	52,715	53,971	56,048	57,467
Commercial mortgage-backed securities	53,528	54,915	42,461	45,310
Total Available-for-Sale Debt Securities	<u>\$ 357,710</u>	<u>\$ 366,376</u>	<u>\$ 334,552</u>	<u>\$ 349,332</u>

Summary of Loans by Type
(Excludes Loans Held for Sale)
(In Thousands)

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial:			
Commercial loans secured by real estate	\$ 524,886	\$ 531,810	\$ 295,860
Commercial and industrial	155,828	159,577	132,308
Paycheck Protection Program - 1st Draw	71,708	132,269	0
Paycheck Protection Program - 2nd Draw	66,127	0	0
Political subdivisions	49,860	53,221	43,613
Commercial construction and land	45,307	42,874	33,340
Loans secured by farmland	10,897	11,736	11,524
Multi-family (5 or more) residential	54,049	55,811	32,370
Agricultural loans	2,460	3,164	3,886
Other commercial loans	16,315	17,289	16,430
Total commercial	<u>997,437</u>	<u>1,007,751</u>	<u>569,331</u>
Residential mortgage:			
Residential mortgage loans - first liens	518,392	532,947	508,387
Residential mortgage loans - junior liens	25,402	27,311	27,028
Home equity lines of credit	39,083	39,301	32,090
1-4 Family residential construction	18,376	20,613	14,121
Total residential mortgage	<u>601,253</u>	<u>620,172</u>	<u>581,626</u>
Consumer	<u>15,897</u>	<u>16,286</u>	<u>16,516</u>
Total	<u>1,614,587</u>	<u>1,644,209</u>	<u>1,167,473</u>
Less: allowance for loan losses	<u>(11,661)</u>	<u>(11,385)</u>	<u>(11,330)</u>
Loans, net	<u>\$ 1,602,926</u>	<u>\$ 1,632,824</u>	<u>\$ 1,156,143</u>

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

	3 Months Ended March 31, 2021	3 Months Ended December 31, 2020	3 Months Ended March 31, 2020	Year Ended December 31, 2020
Balance, beginning of period	\$ 11,385	\$ 10,753	\$ 9,836	\$ 9,836
Charge-offs	(11)	(22)	(48)	(2,465)
Recoveries	28	34	14	101
Net recoveries (charge-offs)	17	12	(34)	(2,364)
Provision for loan losses	259	620	1,528	3,913
Balance, end of period	<u>\$ 11,661</u>	<u>\$ 11,385</u>	<u>\$ 11,330</u>	<u>\$ 11,385</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Impaired loans with a valuation allowance	\$ 9,354	\$ 8,082	\$ 6,709
Impaired loans without a valuation allowance	2,023	2,895	1,581
Purchased credit impaired loans	6,781	6,841	305
Total impaired loans	<u>\$ 18,158</u>	<u>\$ 17,818</u>	<u>\$ 8,595</u>
Total loans past due 30-89 days and still accruing	<u>\$ 6,777</u>	<u>\$ 5,918</u>	<u>\$ 8,372</u>
Nonperforming assets:			
Purchased credit impaired loans	\$ 6,781	\$ 6,841	\$ 305
Other nonaccrual loans	15,335	14,575	12,004
Total nonaccrual loans	22,116	21,416	12,309
Total loans past due 90 days or more and still accruing	1,285	1,975	2,093
Total nonperforming loans	23,401	23,391	14,402
Foreclosed assets held for sale (real estate)	1,472	1,338	1,685
Total nonperforming assets	<u>\$ 24,873</u>	<u>\$ 24,729</u>	<u>\$ 16,087</u>
Loans subject to troubled debt restructurings (TDRs):			
Performing	\$ 302	\$ 166	\$ 372
Nonperforming	6,883	7,285	1,730
Total TDRs	<u>\$ 7,185</u>	<u>\$ 7,451</u>	<u>\$ 2,102</u>
Total nonperforming loans as a % of loans	1.45 %	1.42 %	1.23 %
Total nonperforming assets as a % of assets	1.07 %	1.10 %	0.99 %
Allowance for loan losses as a % of total loans	0.72 %	0.69 %	0.97 %
Credit adjustment on purchased non-impaired loans and allowance for loan losses as a % of total loans and the credit adjustment (a)	1.04 %	1.05 %	1.06 %
Allowance for loan losses as a % of nonperforming loans	49.83 %	48.67 %	78.67 %
(a) Credit adjustment on purchased non-impaired loans at end of period	\$ 5,182	\$ 5,979	\$ 1,011
Allowance for loan losses	11,661	11,385	11,330
Total credit adjustment on purchased non-impaired loans at end of period and allowance for loan losses (1)	<u>\$ 16,843</u>	<u>\$ 17,364</u>	<u>\$ 12,341</u>
Total loans receivable	\$ 1,614,587	\$ 1,644,209	\$ 1,167,473
Credit adjustment on purchased non-impaired loans at end of period	5,182	5,979	1,011
Total (2)	<u>\$ 1,619,769</u>	<u>\$ 1,650,188</u>	<u>\$ 1,168,484</u>
Credit adjustment on purchased non-impaired loans and allowance for loan losses as a % of total loans and the credit adjustment (1)/(2)	1.04 %	1.05 %	1.06 %

ADJUSTMENTS TO GROSS AMORTIZED COST OF LOANS

(In Thousands)

	March 31, 2021	Three Months Ended December 31, 2020	March 31, 2020
Market Rate Adjustment			
Adjustments to gross amortized cost of loans at beginning of period	\$ 718	\$ 1,354	\$ (1,415)
(Amortization) accretion recognized in interest income	(366)	(636)	147
Adjustments to gross amortized cost of loans at end of period	<u>\$ 352</u>	<u>\$ 718</u>	<u>\$ (1,268)</u>
Credit Adjustment on Non-impaired Loans			
Adjustments to gross amortized cost of loans at beginning of period	\$ (5,979)	\$ (7,127)	\$ (1,216)
Accretion recognized in interest income	797	1,148	205
Adjustments to gross amortized cost of loans at end of period	<u>\$ (5,182)</u>	<u>\$ (5,979)</u>	<u>\$ (1,011)</u>

PURCHASED CREDIT IMPAIRED (PCI) LOANS

(In Thousands)

	March 31, 2021	December 31, 2020	March 31, 2020
Outstanding balance	\$ 10,256	\$ 10,316	\$ 408
Carrying amount	6,781	6,841	305

COMPARISON OF INTEREST INCOME AND EXPENSE
(In Thousands)

	March 31, 2021	Three Months Ended December 31, 2020	March 31, 2020
INTEREST INCOME			
Interest-bearing due from banks	\$ 50	\$ 60	\$ 81
Available-for-sale debt securities:			
Taxable	1,113	1,083	1,588
Tax-exempt	801	795	545
Total available-for-sale debt securities	<u>1,914</u>	<u>1,878</u>	<u>2,133</u>
Loans receivable:			
Taxable	17,493	18,144	14,461
Paycheck Protection Program - 1st Draw	1,812	1,495	0
Paycheck Protection Program - 2nd Draw	186	0	0
Tax-exempt	553	529	575
Total loans receivable	<u>20,044</u>	<u>20,168</u>	<u>15,036</u>
Other earning assets	19	19	11
Total Interest Income	<u>22,027</u>	<u>22,125</u>	<u>17,261</u>
INTEREST EXPENSE			
Interest-bearing deposits:			
Interest checking	221	232	243
Money market	306	309	263
Savings	55	55	64
Time deposits	696	909	1,585
Total interest-bearing deposits	<u>1,278</u>	<u>1,505</u>	<u>2,155</u>
Borrowed funds:			
Short-term	15	32	198
Long-term	134	321	295
Subordinated debt	244	246	107
Total borrowed funds	<u>393</u>	<u>599</u>	<u>600</u>
Total Interest Expense	<u>1,671</u>	<u>2,104</u>	<u>2,755</u>
Net Interest Income	<u>\$ 20,356</u>	<u>\$ 20,021</u>	<u>\$ 14,506</u>

Note: Interest income from tax-exempt securities and loans has been adjusted to a fully tax-equivalent basis, using the Corporation's marginal federal income tax rate of 21%.

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

	3 Months Ended 3/31/2021 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 12/31/2020 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 3/31/2020 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS						
Interest-bearing due from banks	\$ 92,619	0.22 %	\$ 116,475	0.20 %	\$ 19,401	1.68 %
Available-for-sale debt securities, at amortized cost:						
Taxable	217,733	2.07 %	217,321	1.98 %	265,157	2.41 %
Tax-exempt	117,532	2.76 %	113,888	2.78 %	69,850	3.14 %
Total available-for-sale debt securities	<u>335,265</u>	<u>2.32 %</u>	<u>331,209</u>	<u>2.26 %</u>	<u>335,007</u>	<u>2.56 %</u>
Loans receivable:						
Taxable	1,428,721	4.97 %	1,454,733	4.96 %	1,108,118	5.25 %
Paycheck Protection Program - 1st Draw	104,367	7.04 %	152,504	3.90 %	0	0.00 %
Paycheck Protection Program - 2nd Draw	34,197	2.21 %	0	0.00 %	0	0.00 %
Tax-exempt	67,301	3.33 %	62,309	3.38 %	60,367	3.83 %
Total loans receivable	<u>1,634,586</u>	<u>4.97 %</u>	<u>1,669,546</u>	<u>4.81 %</u>	<u>1,168,485</u>	<u>5.18 %</u>
Other earning assets	<u>2,851</u>	<u>2.70 %</u>	<u>2,390</u>	<u>3.16 %</u>	<u>1,460</u>	<u>3.03 %</u>
Total Earning Assets	<u>2,065,321</u>	<u>4.33 %</u>	<u>2,119,620</u>	<u>4.15 %</u>	<u>1,524,353</u>	<u>4.55 %</u>
Cash	23,796		31,312		18,042	
Unrealized gain/loss on securities	12,890		13,875		8,176	
Allowance for loan losses	(11,739)		(11,107)		(10,015)	
Bank-owned life insurance	30,154		30,002		18,677	
Bank premises and equipment	21,348		21,539		17,732	
Intangible assets	56,288		56,863		29,607	
Other assets	44,628		45,491		30,593	
Total Assets	<u>\$ 2,242,686</u>		<u>\$ 2,307,595</u>		<u>\$ 1,637,165</u>	
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Interest checking	\$ 355,993	0.25 %	\$ 371,425	0.25 %	\$ 227,069	0.43 %
Money market	406,841	0.31 %	389,993	0.32 %	200,691	0.53 %
Savings	213,437	0.10 %	202,679	0.11 %	168,971	0.15 %
Time deposits	370,555	0.76 %	416,281	0.87 %	381,621	1.67 %
Total interest-bearing deposits	<u>1,346,826</u>	<u>0.38 %</u>	<u>1,380,378</u>	<u>0.43 %</u>	<u>978,352</u>	<u>0.89 %</u>
Borrowed funds:						
Short-term	14,365	0.42 %	27,422	0.46 %	44,882	1.77 %
Long-term	52,847	1.03 %	93,835	1.36 %	64,065	1.85 %
Subordinated debt	16,543	5.98 %	16,562	5.91 %	6,500	6.62 %
Total borrowed funds	<u>83,755</u>	<u>1.90 %</u>	<u>137,819</u>	<u>1.73 %</u>	<u>115,447</u>	<u>2.09 %</u>
Total Interest-bearing Liabilities	<u>1,430,581</u>	<u>0.47 %</u>	<u>1,518,197</u>	<u>0.55 %</u>	<u>1,093,799</u>	<u>1.01 %</u>
Demand deposits	484,286		465,252		281,893	
Other liabilities	27,930		26,746		14,071	
Total Liabilities	<u>1,942,797</u>		<u>2,010,195</u>		<u>1,389,763</u>	
Stockholders' equity, excluding accumulated other comprehensive income/loss	289,591		286,209		240,718	
Accumulated other comprehensive income/loss	10,298		11,191		6,684	
Total Stockholders' Equity	<u>299,889</u>		<u>297,400</u>		<u>247,402</u>	
Total Liabilities and Stockholders' Equity	<u>\$ 2,242,686</u>		<u>\$ 2,307,595</u>		<u>\$ 1,637,165</u>	
Interest Rate Spread		3.86 %		3.60 %		3.54 %
Net Interest Income/Earning Assets		4.00 %		3.76 %		3.83 %
Total Deposits (Interest-bearing and Demand)	<u>\$ 1,831,112</u>		<u>\$ 1,845,630</u>		<u>\$ 1,260,245</u>	

- (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		
	March 31, 2021	December 31, 2020	March 31, 2020
Trust revenue	\$ 1,626	\$ 1,682	\$ 1,479
Brokerage and insurance revenue	326	365	355
Service charges on deposit accounts	1,015	1,105	1,250
Interchange revenue from debit card transactions	881	817	731
Net gains from sales of loans	1,064	1,472	315
Loan servicing fees, net	248	198	(14)
Increase in cash surrender value of life insurance	150	154	104
Other noninterest income	1,472	772	1,061
Total noninterest income, excluding realized gains on securities, net	<u>\$ 6,782</u>	<u>\$ 6,565</u>	<u>\$ 5,281</u>

COMPARISON OF NONINTEREST EXPENSE
(In Thousands)

	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Salaries and employee benefits	\$ 8,895	\$ 9,998	\$ 7,378
Net occupancy and equipment expense	1,304	1,194	1,103
Data processing and telecommunications expenses	1,380	1,357	1,224
Automated teller machine and interchange expense	337	319	297
Pennsylvania shares tax	491	422	422
Professional fees	547	427	379
Other noninterest expense	<u>2,755</u>	<u>2,058</u>	<u>2,109</u>
Total noninterest expense, excluding merger-related expenses and loss on prepayment of borrowings	15,709	15,775	12,912
Merger-related expenses	0	182	141
Loss on prepayment of borrowings	0	1,636	0
Total noninterest expense	<u>\$ 15,709</u>	<u>\$ 17,593</u>	<u>\$ 13,053</u>