

# CITIZENS&NORTHERN

CORPORATION

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## C&N DECLARES DIVIDEND AND ANNOUNCES THIRD QUARTER 2024 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 and nine-month periods ended September 30, 2024. C&N’s principal activity is community banking, and the largest subsidiary is Citizens & Northern Bank (the “Bank”).

### Highlights:

- Net income was \$6,365,000, or \$0.41 diluted earnings per share for the third quarter 2024, up from \$6,113,000, or \$0.40 per diluted share in the second quarter 2024, and down from \$7,591,000, or \$0.50 per diluted share in the third quarter 2023. Net income for the nine months ended September 30, 2024 was \$17,784,000, or \$1.16 diluted earnings per share, down from \$19,887,000, or \$1.29 diluted earnings per share for the first nine months of 2023.
- In the third quarter 2024, net interest income was \$711,000 higher than in the second quarter 2024 and \$493,000 higher than in the third quarter 2023. The net interest margin was 3.29% in the third quarter 2024 as compared to 3.31% in the second quarter 2024 and 3.35% in the third quarter 2023. For the nine months ended September 30, 2024, net interest income was \$2,164,000 lower than in the first nine months of 2023. The net interest margin was 3.30% for the first nine months of 2024, down from 3.53% in the corresponding period of 2023.
- The provision for credit losses was \$1,207,000 and \$2,726,000 in the third quarter 2024 and in the first nine months of 2024, respectively, compared to a credit for credit losses (reduction in expense) of \$1,225,000 and \$765,000 in the third quarter 2023 and the first nine months of 2023, respectively. At September 30, 2024, the allowance for credit losses (“ACL”) was \$20,442,000, or 1.08% of gross loans receivable, up from \$19,208,000, or 1.04% of gross loans receivable, at December 31, 2023.
- Total loans receivable were \$443,000 lower at September 30, 2024 compared to June 30, 2024. Average loans receivable increased 1.1% (annualized) during the third quarter 2024 from the second quarter 2024. Average loans receivable were higher by 5.6% for the nine months ended September 30, 2024, as compared to the first nine months of 2023.
- Nonperforming loans totaled \$24.5 million, or 1.29% of total loans, at September 30, 2024, up from \$19.6 million, or 1.04% of total loans, at June 30, 2024 and \$18.4 million, or 0.99% of total loans, at December 31, 2023. Total nonperforming assets were 0.92% of total assets at September 30, 2024, up from 0.76% at June 30, 2024 and up from 0.75% at December 31, 2023. The increase in nonperforming assets in the third quarter 2024 included the impact of classifying commercial construction and land loans to two borrowers with carrying balances totaling \$6.7 million as nonaccrual at September 30, 2024.
- Deposits totaled \$2,135,879,000 at September 30, 2024, up \$76,570,000 (3.7%) from \$2,059,309,000 at June 30, 2024, despite a decrease in brokered deposits of \$14,450,000. Total deposits of \$2,135,879,000, excluding brokered deposits of \$45,051,000, were up \$91,020,000 (4.6%) at September 30, 2024 from June 30, 2024. Average total deposits increased 13.5% (annualized) during the third quarter 2024 from the second quarter 2024 and were 4.0% higher for the nine months ended September 30, 2024, as compared to the first nine months of 2023.
- At September 30, 2024, estimated uninsured and uncollateralized deposits totaled 21.9% of the Bank’s total deposits. C&N maintains highly liquid sources of available funds, including unused borrowing capacity with the Federal Home Loan Bank of Pittsburgh and the Federal Reserve Bank of Philadelphia and available federal funds lines with other banks, as well as available-for-sale debt securities with a fair value in excess of collateral obligations. At September 30, 2024, available funding from these sources totaled 160.8% of uninsured deposits and 223.2% of uninsured and uncollateralized deposits.

## Dividend Declared and Unaudited Financial Information

On October 17, 2024, C&N's Board of Directors declared a regular quarterly cash dividend of \$0.28 per share. The dividend is payable on November 8, 2024 to shareholders of record as of October 28, 2024.

Highlights related to C&N's third quarter and September 30, 2024 year-to-date unaudited U.S. GAAP earnings results as compared to results for the second quarter 2024, third quarter 2023 and nine months ended September 30, 2023 are presented below.

### Third Quarter 2024 as Compared to Second Quarter 2024

Net income was \$6,365,000, or \$0.41 per diluted share, for the third quarter 2024 as compared to \$6,113,000, or \$0.40 per diluted share, for the second quarter 2024.

- Net interest income of \$20,156,000 in the third quarter 2024 increased \$711,000 from the second quarter 2024. Average total earning assets increased \$75,598,000 from the prior quarter, as average interest-bearing due from banks increased \$76,746,000. Average total deposits increased \$68,134,000 and average loans receivable increased \$5,084,000 in the third quarter 2024 from the total for the prior quarter. The net interest margin was 3.29% in the third quarter 2024, down 0.02% from 3.31% in the second quarter 2024. The net interest spread decreased 0.06%, as the average rate on interest-bearing liabilities increased 0.12%, while the average yield on earning assets increased 0.06%.
- For the quarter ended September 30, 2024, there was a provision for credit losses of \$1,207,000, an increase of \$642,000 compared to \$565,000 in the second quarter 2024. The provision for the third quarter 2024 included a provision related to loans receivable of \$1,297,000 and a credit related to off-balance sheet exposures of \$90,000. In the third quarter 2024, the provision related to loans receivable included the impact of increases in the ACL from an increase in estimated future net charge-offs related to an economic forecast, an increase in C&N's average net charge-off experience and an increase in qualitative factors partially offset by reductions in specific allowances on individually evaluated commercial loans. During the third quarter 2024, there was a partial charge-off of \$640,000 on a non-owner occupied commercial real estate office loan with a specific allowance of \$455,000 at June 30, 2024 and a partial charge-off of \$427,000 on two commercial construction and land loans to one borrower with a specific allowance of \$447,000 at June 30, 2024. In the third quarter 2024, net charge-offs totaled \$1,237,000. The ACL on loans was 1.08% of gross loans receivable at September 30, 2024 and June 30, 2024.
- Noninterest income of \$7,133,000 in the third quarter 2024 decreased \$721,000 from the second quarter 2024 amount. Significant variances included the following:
  - Other noninterest income of \$1,123,000 decreased \$820,000 from the second quarter 2024, as the second quarter 2024 included income of \$841,000 recognized from tax credits related to donations.
  - Net gains from sale of loans of \$360,000 increased \$125,000 from the second quarter 2024, reflecting an increase in volume of residential mortgage loans sold.
- Noninterest expense of \$18,269,000 in the third quarter 2024 decreased \$986,000 from the second quarter 2024 amount. Significant variances included the following:
  - Other noninterest expense of \$2,637,000 decreased \$800,000 from the second quarter 2024. Within this category, donations expense decreased \$986,000 from the second quarter 2024 as second quarter results included the impact of donations totaling \$933,000 under the Pennsylvania Educational Improvement Tax Credit program which generated the second quarter income from tax credits of \$841,000 noted above.

- Salaries and employee benefits expense of \$10,875,000 decreased \$148,000 from the second quarter 2024 including a decrease in health insurance expense of \$376,000 resulting from a reduction in claims incurred on C&N's partially self-insured plan.
- The income tax provision of \$1,448,000, or 18.5% of pre-tax income for the third quarter 2024 increased \$82,000 from \$1,366,000, or 18.3% of pre-tax income, for the second quarter 2024 reflecting an increase in pre-tax income for the quarter.

### **Third Quarter 2024 as Compared to Third Quarter 2023**

Third quarter 2024 net income was \$6,365,000, or \$0.41 per diluted share, as compared to \$7,591,000, or \$0.50 per diluted share, in the third quarter 2023. Significant variances were as follows:

- Net interest income of \$20,156,000 in the third quarter 2024 was \$493,000 higher than in the third quarter 2023. Average earning assets were \$106,852,000 higher in the third quarter 2024 as compared to the third quarter 2023 as average total deposits increased \$94,562,000. The net interest margin was 3.29% in the third quarter 2024, down from 3.35% in the third quarter 2023. The interest rate spread decreased 0.18%, as the average rate on interest-bearing liabilities increased 0.62%, while the average yield on earning assets increased 0.44%.
- For the quarter ended September 30, 2024, there was a provision for credit losses of \$1,207,000, an increase of \$2,432,000 in expense compared to a credit for credit losses (reduction in expense) of \$1,225,000 in the third quarter 2023. The ACL as a percentage of gross loans receivable was 1.08% at September 30, 2024 as compared to 0.99% at September 30, 2023.
- Noninterest income of \$7,133,000 in the third quarter 2024 increased \$644,000 from the third quarter 2023 amount. Significant variances included the following:
  - Earnings from the increase in cash surrender value of life insurance of \$458,000 increased \$298,000 from the third quarter 2023 reflecting the earnings on additional Bank-Owned Life Insurance purchased in December 2023.
  - Brokerage and insurance revenue of \$523,000 increased \$129,000 due to an increase in sales volume.
  - Net gains from sale of loans of \$360,000 increased \$123,000 from the third quarter 2023, reflecting an increase in volume of residential mortgage loans sold.
  - Service charges on deposit accounts increased \$103,000 from the third quarter 2024 reflecting an increase in volume of fees.
- Noninterest expense of \$18,269,000 in the third quarter 2024 increased \$329,000 (1.8%) from the third quarter 2023 including increases of \$109,000 in net occupancy and equipment expense, \$68,000 in professional fees, \$60,000 in other expenses and \$59,000 in data processing and telecommunications expenses.
- The income tax provision of \$1,448,000, or 18.5% of pre-tax income for the third quarter 2024 decreased \$398,000 from \$1,846,000 or 19.6% of pre-tax income, for the third quarter 2023 consistent with the decrease in pre-tax income.

## Nine Months Ended September 30, 2024 as Compared to Nine Months Ended September 30, 2023

Net income for the nine-month period ended September 30, 2024 was \$17,784,000, or \$1.16 per diluted share, as compared to \$19,887,000, or \$1.29 per diluted share, for the first nine months of 2023. Significant variances were as follows:

- Net interest income totaled \$58,642,000 in the nine months ended September 30, 2024, a decrease of \$2,164,000 from the total for the first nine months of 2023. The net interest margin was 3.30% for the first nine months of 2024, down from 3.53% in the corresponding period of 2023. The interest rate spread decreased 0.39%, as the average rate on interest-bearing liabilities was higher by 0.89% while the average yield on earning assets increased 0.50%. Average total earning assets increased \$68,438,000. Average total loans increased \$99,838,000 (5.6%) and average total deposits increased \$77,578,000 (4.0%).
- For the nine months ended September 30, 2024, the provision for credit losses was \$2,726,000, compared to a credit for credit losses (reduction in expense) of \$765,000 in the first nine months of 2023 resulting in an increase of \$3,491,000. For the nine months ended September 30, 2024, the provision related to loans receivable included the impact of increases in the ACL from an increase in qualitative adjustments related to changes in external indexes and an increase in past due and nonaccrual loans as well as net charge-offs in excess of specific allowances at December 31, 2023. The credit related to loans receivable for the nine months ended September 30, 2023 was mainly attributable to qualitative adjustments in concentrations of credit based on loan type, lending policies and procedures and changes in external indexes, as well as a reduction in C&N's average net charge-off experience, used in the calculation of the ACL. In the first nine months of 2024, the ACL increased \$1,234,000 to 1.08% of loans receivable at September 30, 2024 as compared to 1.04% at December 31, 2023. For the nine months ended September 30, 2024, net charge-offs totaled \$1,589,000, or 0.11% (annualized) of average loans receivable as compared to \$225,000 or 0.02% annualized for the first nine months of 2023.
- Noninterest income totaled \$21,662,000 in the first nine months of 2024, up \$2,929,000 from the total for the first nine months of 2023. Significant variances included the following:
  - Earnings from the increase in cash surrender value of life insurance of \$1,372,000 increased \$922,000 reflecting earnings on additional Bank-Owned Life Insurance purchased in December 2023.
  - Other noninterest income of \$4,083,000 increased \$641,000 as dividends on FHLB-Pittsburgh and Federal Reserve stock totaled \$1,292,000, an increase of \$400,000, and income from tax credits related to donations increased \$120,000.
  - Brokerage and insurance revenue of \$1,589,000 increased \$400,000 due to an increase in sales volume.
  - Trust revenue of \$5,857,000 increased \$357,000, consistent with appreciation in the trading prices of many U.S. equity securities and includes revenue from new business.
  - Net gains from sale of loans of \$786,000 increased \$336,000, reflecting an increase in volume of residential mortgage loans sold.
  - Service charges on deposit accounts of \$4,336,000 increased \$215,000 reflecting an increase in volume of fees.
- Noninterest expense totaled \$55,828,000 for the first nine months of 2024, a decrease of \$79,000 from the total for the first nine months of 2023. Significant variances included the following:
  - Other noninterest expense of \$7,936,000 decreased \$507,000. Within this category, significant variances included the following:

- For the first nine months of 2024, there was a reduction in expense of \$513,000 related to the defined benefit postretirement medical benefit plan, including a curtailment of \$469,000 related to plan adjustments in the first quarter 2024. In comparison, in the first nine months of 2023, there was a reduction in expense associated with the postretirement plan of \$15,000.
- Legal fees totaled \$491,000 in the first nine months of 2024, a decrease of \$209,000, mainly due to lower fees incurred related to non-litigation-related corporate matters.
- Professional fees of \$1,625,000 decreased \$363,000 as 2023 included \$389,000 of conversion costs related to a change in Wealth Management platform for providing brokerage and investment advisory services.
- Salaries and employee benefits expense of \$33,460,000 increased \$378,000, including an increase in base salaries expense of \$690,000, or 3.1% and an increase of \$451,000 in cash and stock-based incentive compensation, while estimated contributions to the Employee Stock Ownership Plan and Supplemental Executive Retirement Plan decreased \$638,000 and health insurance expense decreased \$344,000.
- The income tax provision of \$3,966,000, or 18.2% of pre-tax income for the nine months ended September 30, 2024 decreased \$708,000 from \$4,674,000, or 19.0% of pre-tax income for nine months ended September 30, 2023. The decrease in income tax provision in 2024 reflected the decrease in pre-tax income of \$2,811,000.

#### **Other Information:**

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$2,670,822,000 at September 30, 2024, up from \$2,593,122,000 at June 30, 2024 and \$2,483,949,000 at September 30, 2023.
- Cash and due from banks totaled \$184,213,000 at September 30, 2024, up from \$100,412,000 at June 30, 2024 and \$52,658,000 at September 30, 2023. The more elevated cash position at September 30, 2024 includes the impact of strong deposit growth.
- The amortized cost of available-for-sale debt securities decreased to \$447,392,000 at September 30, 2024 from \$453,944,000 at June 30, 2024 and \$505,440,000 at September 30, 2023. The fair value of available-for-sale debt securities at September 30, 2024 was lower than the amortized cost basis by \$38,970,000, or 8.7%. In comparison, the aggregate unrealized loss position was \$52,799,000 (11.6%) at June 30, 2024 and \$76,302,000 (15.1%) at September 30, 2023. The unrealized loss position of the portfolio has resulted from an increase in interest rates as compared to rates when the securities were purchased. The volatility in the fair value of the portfolio has resulted from changes in interest rates. Management reviewed the available-for-sale debt securities as of September 30, 2024 and concluded, as of such date, that there were no credit-related declines in fair value and no allowance for credit losses was recorded as of September 30, 2024.
- Gross loans receivable totaled \$1,892,764,000 at September 30, 2024, a decrease of \$443,000 from total loans at June 30, 2024 and an increase of \$62,094,000 (3.4%) from total loans at September 30, 2023. In comparing outstanding balances at September 30, 2024 and 2023, total commercial loans were up \$55,463,000 (4.1%), reflecting growth in owner occupied commercial real estate loans of \$35,365,000 and other commercial loans of \$36,282,000 offset by a decrease of \$16,184,000 in non-owner occupied commercial real estate loans. Within other commercial loans, the outstanding balance of commercial construction and land loans increased \$14,241,000, commercial and industrial loans increased \$12,245,000, commercial lines of credit increased \$6,272,000 and loans to political subdivisions increased \$5,064,000. Total residential mortgage loans were down \$2,584,000 (0.6%), and total consumer loans increased \$9,215,000 (16.3%). The outstanding balance of residential mortgage loans originated and serviced by C&N that have been sold to third parties was \$325.0 million at September 30, 2024, up \$6.5 million (2.0%) from September 30, 2023.

- At September 30, 2024, the recorded investment in non-owner occupied commercial real estate loans for which the primary purpose is utilization of office space by third parties was \$96,241,000, or 5.1% of gross loans receivable. At September 30, 2024, within this segment there were two loans with a total recorded investment of \$3,204,000 in nonaccrual status with a specific allowance of \$14,000 on one loan. During the third quarter 2024, there was a partial charge-off of \$640,000 on the other office loan in nonaccrual status which had a specific allowance of \$455,000 at June 30, 2024. The charge-off resulted from a decrease in the appraised value of property which is the primary source of collateral. At September 30, 2024, the carrying value of this loan was \$1,846,000. At September 30, 2024, there was no specific allowance on this loan though it remained in nonaccrual status. The remainder of the non-owner occupied commercial real estate loans with a primary purpose of office space utilization were in accrual status with no specific allowance at September 30, 2024.
- Total nonperforming assets as a percentage of total assets was 0.92% at September 30, 2024, up from 0.76% at June 30, 2024 and 0.70% at September 30, 2023. Total nonperforming assets were \$24.6 million at September 30, 2024, up from \$19.8 million at June 30, 2024 and \$17.4 million at September 30, 2023. The increase in nonperforming assets at September 30, 2024 as compared to June 30, 2024 included the impact of classifying commercial construction and land loans to two borrowers with carrying balance totaling \$6.7 million at September 30, 2024 as nonaccrual. Based on management's assessment, there was no valuation allowance on these loans at September 30, 2024.
- Deposits totaled \$2,135,879,000 at September 30, 2024, up \$76,570,000 (3.7%) from \$2,059,309,000 at June 30, 2024, despite a decrease in brokered deposits of \$14,450,000. Total deposits of \$2,135,879,000, excluding brokered deposits of \$45,051,000, were up \$91,020,000 (4.6%) at September 30, 2024 from June 30, 2024, including a seasonal increase in deposits of Pennsylvania-based municipal customers of \$47,320,000. Total deposits were up \$110,882,000 (5.5%) at September 30, 2024 as compared to September 30, 2023, despite a decrease in brokered deposits of \$17,461,000. At September 30, 2024, C&N's estimated uninsured deposits totaled \$655.6 million, or 30.5% of the Bank's total deposits, as compared to \$592.2 million, or 29.2% of the Bank's total deposits at December 31, 2023. Included in uninsured deposits are deposits collateralized by securities (almost exclusively municipal deposits) totaling \$183.3 million, or 8.5% of the Bank's total deposits, at September 30, 2024 as compared to \$151.0 million, or 7.4% of the Bank's total deposits at December 31, 2023.
- C&N maintained highly liquid sources of available funds totaling \$1.1 billion at September 30, 2024, including unused borrowing capacity with the Federal Home Loan Bank of Pittsburgh of \$737.3 million, unused availability on the Federal Reserve Bank of Philadelphia's discount window of \$18.6 million, available federal funds lines with other banks of \$75 million and available-for-sale debt securities with a fair value in excess of collateral obligations of \$223.1 million. At September 30, 2024, available funding from these sources totaled 160.8% of uninsured deposits, and 223.2% of uninsured and uncollateralized deposits.
- The outstanding balance of borrowed funds, including Federal Home Loan Bank advances, repurchase agreements, senior notes and subordinated debt, totaled \$225,727,000 at September 30, 2024, down \$16,434,000 from June 30, 2024 and up \$37,695,000 from September 30, 2023.
- Total stockholders' equity was \$277,305,000 at September 30, 2024, up from \$263,221,000 at June 30, 2024 and \$240,205,000 at September 30, 2023. Within stockholders' equity, the portion of accumulated other comprehensive loss related to available-for-sale debt securities was \$30,396,000 at September 30, 2024, \$41,710,000 at June 30, 2024 and \$60,278,000 at September 30, 2023. The volatility in stockholders' equity related to accumulated other comprehensive loss from available-for-sale debt securities has been caused by fluctuations in interest rates including overall 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.
- On September 25, 2023, the Corporation announced a new treasury stock repurchase program. Under this program, C&N is authorized to repurchase up to 750,000 shares of its common stock. During the three-month period ended September 30, 2024, 3,538 shares were repurchased for a total cost of \$60,000, at an average price of \$17.06 per share. During the nine-month period ended September 30, 2024, 26,034 shares were repurchased for a total cost of

\$443,000, at an average price of \$17.02 per share. At September 30, 2024, there were 723,966 shares available to be repurchased under the program.

- Citizens & Northern Bank is subject to various regulatory capital requirements. At September 30, 2024, 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 \$1,359,023,000 at September 30, 2024, up 5.8% from 1,284,674,000 at June 30, 2024, and up 20.4% from \$1,128,600,000 at September 30, 2023. 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. C&N presents certain analyses and ratios with net interest income determined on a fully taxable-equivalent basis, which are non-GAAP financial measures as presented. C&N 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 was \$205,000, \$202,000 and \$212,000 for the third quarter 2024, second quarter 2024 and third quarter 2023, respectively. The excess of net interest income on a fully taxable-equivalent basis over the amounts reported under U.S. GAAP was \$602,000 for the nine months ended September 30, 2024 and \$720,000 for the nine months ended September 30, 2023.

Citizens & Northern Corporation is the bank holding company for Citizens & Northern Bank, headquartered in Wellsboro, Pennsylvania which operates 28 banking offices located in Bradford, Bucks, Cameron, Chester, Lycoming, Potter, Sullivan, Tioga, York and Lancaster Counties in Pennsylvania and Steuben County in New York, as well as a loan production office in Elmira, New York. Citizens & Northern Corporation trades on NASDAQ under the symbol "CZNC." For more information about Citizens & Northern Bank and Citizens & Northern Corporation, visit [www.cnbankpa.com](http://www.cnbankpa.com).

**Safe Harbor Statement:** Except for historical information contained herein, the matters discussed in this release are forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the following: changes in monetary and fiscal policies of the Federal Reserve Board and the U.S. Government, particularly related to changes in interest rates; changes in general economic conditions; recent adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, sources of liquidity and capital funding, and regulatory responses to these developments; C&N's credit standards and its on-going credit assessment processes might not protect it from significant credit losses; 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; failure to achieve merger-related synergies and difficulties in integrating the business and operations of acquired institutions; and fraud and cyber malfunction risks as usage of artificial intelligence continues to expand. 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)**

	3rd QUARTER 2024	3rd QUARTER 2023	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 33,087	\$ 29,118	\$ 3,969	13.63 %
Interest Expense	12,931	9,455	3,476	36.76 %
Net Interest Income	20,156	19,663	493	2.51 %
Provision (Credit) for Credit Losses	1,207	(1,225)	2,432	(198.53)%
Net Interest Income After Provision (Credit) for Credit Losses	18,949	20,888	(1,939)	(9.28)%
Noninterest Income	7,133	6,489	644	9.92 %
Net Realized Losses on Available-for-sale Debt Securities	0	0	0	0 %
Noninterest Expense	18,269	17,940	329	1.83 %
Income Before Income Tax Provision	7,813	9,437	(1,624)	(17.21)%
Income Tax Provision	1,448	1,846	(398)	(21.56)%
<b>Net Income</b>	<b>\$ 6,365</b>	<b>\$ 7,591</b>	<b>\$ (1,226)</b>	<b>(16.15)%</b>
<b>Net Income Attributable to Common Shares (1)</b>	<b>\$ 6,311</b>	<b>\$ 7,534</b>	<b>\$ (1,223)</b>	<b>(16.23)%</b>
<b>PER COMMON SHARE DATA:</b>				
Net Income - Basic	\$ 0.41	\$ 0.50	\$ (0.09)	(18.00)%
Net Income - Diluted	\$ 0.41	\$ 0.50	\$ (0.09)	(18.00)%
Dividends Per Share	\$ 0.28	\$ 0.28	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,267,120	15,154,797		
Number of Shares Used in Computation - Diluted	15,267,120	15,154,797		

	NINE MONTHS ENDED SEPTEMBER 30,		\$ Incr. (Decr.)	% Incr. (Decr.)
	2024	2023		
Interest and Dividend Income	\$ 94,749	\$ 83,268	\$ 11,481	13.79 %
Interest Expense	36,107	22,462	13,645	60.75 %
Net Interest Income	58,642	60,806	(2,164)	(3.56)%
Provision (Credit) for Credit Losses	2,726	(765)	3,491	(456.34)%
Net Interest Income After Provision (Credit) for Credit Losses	55,916	61,571	(5,655)	(9.18)%
Noninterest Income	21,662	18,733	2,929	15.64 %
Net Realized Gains on Available-for-sale Debt Securities	0	6	(6)	(100.00)%
Noninterest Expense	55,828	55,749	79	0.14 %
Income Before Income Tax Provision	21,750	24,561	(2,811)	(11.44)%
Income Tax Provision	3,966	4,674	(708)	(15.15)%
<b>Net Income</b>	<b>\$ 17,784</b>	<b>\$ 19,887</b>	<b>\$ (2,103)</b>	<b>(10.57)%</b>
<b>Net Income Attributable to Common Shares (1)</b>	<b>\$ 17,644</b>	<b>\$ 19,731</b>	<b>\$ (2,087)</b>	<b>(10.58)%</b>
<b>PER COMMON SHARE DATA:</b>				
Net Income - Basic	\$ 1.16	\$ 1.29	\$ (0.13)	(10.08)%
Net Income - Diluted	\$ 1.16	\$ 1.29	\$ (0.13)	(10.08)%
Dividends Per Share	\$ 0.84	\$ 0.84	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,254,124	15,264,391		
Number of Shares Used in Computation - Diluted	15,254,124	15,264,395		

- (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)**

	September 30, 2024	September 30, 2023	\$ Incr. (Decr.)	% Incr. (Decr.)
<b>ASSETS</b>				
Cash & Due from Banks	\$ 184,213	\$ 52,658	\$ 131,555	249.83 %
Available-for-sale Debt Securities	408,422	429,138	(20,716)	(4.83)%
Loans, Net	1,872,322	1,812,585	59,737	3.30 %
Bank-Owned Life Insurance	50,757	31,557	19,200	60.84 %
Bank Premises and Equipment, Net	21,537	21,267	270	1.27 %
Deferred Tax Asset, Net	17,047	23,731	(6,684)	(28.17)%
Intangible Assets	54,682	55,076	(394)	(0.72)%
Other Assets	61,842	57,937	3,905	6.74 %
<b>TOTAL ASSETS</b>	<b>\$ 2,670,822</b>	<b>\$ 2,483,949</b>	<b>\$ 186,873</b>	<b>7.52 %</b>
<b>LIABILITIES</b>				
Deposits	\$ 2,135,879	\$ 2,024,997	\$ 110,882	5.48 %
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	186,043	148,529	37,514	25.26 %
Senior Notes, Net	14,882	14,814	68	0.46 %
Subordinated Debt, Net	24,802	24,689	113	0.46 %
Other Liabilities	31,911	30,715	1,196	3.89 %
<b>TOTAL LIABILITIES</b>	<b>2,393,517</b>	<b>2,243,744</b>	<b>149,773</b>	<b>6.68 %</b>
<b>STOCKHOLDERS' EQUITY</b>				
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Loss	307,369	300,031	7,338	2.45 %
Accumulated Other Comprehensive Loss:				
Net Unrealized Losses on Available-for-sale Debt Securities	(30,396)	(60,278)	29,882	(49.57)%
Defined Benefit Plans	332	452	(120)	(26.55)%
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>277,305</b>	<b>240,205</b>	<b>37,100</b>	<b>15.45 %</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 2,670,822</b>	<b>\$ 2,483,949</b>	<b>\$ 186,873</b>	<b>7.52 %</b>

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

	FOR THE THREE MONTHS ENDED September 30,		% INCREASE (DECREASE)
	2024	2023	
<b>EARNINGS PERFORMANCE</b>			
Net Income	\$ 6,365	\$ 7,591	(16.15)%
Return on Average Assets (Annualized)	0.97 %	1.23 %	(21.14)%
Return on Average Equity (Annualized)	9.49 %	12.28 %	(22.72)%

**PRE-TAX, PRE-PROVISION NET REVENUE ("PPNR") - NON-GAAP (a)**

PPNR	\$ 9,225	\$ 8,424	9.51 %
PPNR (Annualized) as a % of Average Assets	1.41 %	1.36 %	3.68 %
PPNR (Annualized) as a % of Average Equity	13.75 %	13.63 %	0.88 %

	AS OF OR FOR THE NINE MONTHS ENDED September 30,		% INCREASE (DECREASE)
	2024	2023	
<b>EARNINGS PERFORMANCE - U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")</b>			
Net Income	\$ 17,784	\$ 19,887	(10.57)%
Return on Average Assets (Annualized)	0.93 %	1.08 %	(13.89)%
Return on Average Equity (Annualized)	9.03 %	10.58 %	(14.65)%

**PPNR - NON-GAAP (a)**

PPNR	\$ 25,078	\$ 24,510	2.32 %
PPNR (Annualized) as a % of Average Assets	1.31 %	1.33 %	(1.50)%
PPNR (Annualized) as a % of Average Equity	12.73 %	13.04 %	(2.38)%

**BALANCE SHEET HIGHLIGHTS**

Total Assets	\$ 2,670,822	\$ 2,483,949	7.52 %
Available-for-Sale Debt Securities	408,422	429,138	(4.83)%
Loans, Net	1,872,322	1,812,585	3.30 %
Allowance for Credit Losses:			
Allowance for Credit Losses on Loans	20,442	18,085	13.03 %
Allowance for Credit Losses on Off-Balance Sheet Exposures	592	900	(34.22)%
Deposits	2,135,879	2,024,997	5.48 %

**OFF-BALANCE SHEET**

Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$ 325,004	\$ 318,526	2.03 %
Trust Assets Under Management	1,359,023	1,128,600	20.42 %

**STOCKHOLDERS' VALUE (PER COMMON SHARE)**

Net Income - Basic	\$ 1.16	\$ 1.29	(10.08)%
Net Income - Diluted	\$ 1.16	\$ 1.29	(10.08)%
Dividends	\$ 0.84	\$ 0.84	0.00 %
Common Book Value	\$ 17.99	\$ 15.72	14.44 %
Tangible Common Book Value NON-GAAP (b)	\$ 14.44	\$ 12.12	19.14 %
Market Value (Last Trade)	\$ 19.69	\$ 17.55	12.19 %
Market Value / Common Book Value	109.45 %	111.64 %	(1.96)%
Market Value / Tangible Common Book Value - NON-GAAP (b)	136.36 %	144.80 %	(5.83)%
Price Earnings Multiple	12.70	10.20	24.51 %
Dividend Yield (Annualized)	5.69 %	6.38 %	(10.82)%
Common Shares Outstanding, End of Period	15,414,132	15,275,686	0.91 %

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

	AS OF OR FOR THE NINE MONTHS ENDED September 30,		% INCREASE (DECREASE)
	2024	2023	
<b>SAFETY AND SOUNDNESS</b>			
Tangible Common Equity / Tangible Assets (b)	8.51 %	7.62 %	11.68 %
Nonperforming Assets / Total Assets	0.92 %	0.70 %	31.43 %
Allowance for Credit Losses / Total Loans	1.08 %	0.99 %	9.09 %
Total Risk Based Capital Ratio (c)	15.70 %	15.81 %	(0.70)%
Tier 1 Risk Based Capital Ratio (c)	13.29 %	13.42 %	(0.97)%
Common Equity Tier 1 Risk Based Capital Ratio (c)	13.29 %	13.42 %	(0.97)%
Leverage Ratio (c)	9.71 %	9.91 %	(2.02)%

**AVERAGE BALANCES**

Average Assets	\$ 2,561,690	\$ 2,454,599	4.36 %
Average Equity	\$ 262,672	\$ 250,518	4.85 %

**EFFICIENCY RATIO NON-GAAP (d)**

Net Interest Income on a Fully Taxable-Equivalent Basis (d)	\$ 59,244	\$ 61,526	(3.71)%
Noninterest Income, Excluding Net Realized Gains on Available-for-sale Debt Securities	21,662	18,733	15.64 %
Total (1)	\$ 80,906	\$ 80,259	0.81 %
Noninterest Expense (2)	\$ 55,828	\$ 55,749	0.14 %
Efficiency Ratio = (2)/(1)	69.00 %	69.46 %	(0.66)%

- (a) PPNR includes net interest income plus noninterest income minus total noninterest expense but excludes provision (credit) for credit losses, realized gains or losses on securities, the income tax provision and nonrecurring items included in earnings. Management believes disclosure of PPNR provides useful information for evaluating C&N's financial performance without the impact of unusual items or events that may obscure trends in C&N's underlying performance. This non-GAAP data should be considered in addition to results prepared in accordance with GAAP, and is not a substitute for, or superior to, GAAP results. A reconciliation of this non-GAAP measure to the comparable GAAP measure is provided in Exhibit 99.2 under the table "PPNR- NON- GAAP RECONCILIATION."
- (b) Tangible common book value per share, tangible common equity as a percentage of tangible assets and market value as a percentage of tangible common book value are non-GAAP ratios. Management believes this non-GAAP information is helpful in evaluating the strength of the C&N's capital and in providing an alternative, conservative valuation of C&N's net worth. The ratios shown above are based on the following calculations of tangible assets and tangible common equity:

Total Assets	\$ 2,670,822	\$ 2,483,949
Less: Intangible Assets, Primarily Goodwill	(54,682)	(55,076)
Tangible Assets	<u>\$ 2,616,140</u>	<u>\$ 2,428,873</u>
Total Stockholders' Equity	\$ 277,305	\$ 240,205
Less: Intangible Assets, Primarily Goodwill	(54,682)	(55,076)
Tangible Common Equity (3)	<u>\$ 222,623</u>	<u>\$ 185,129</u>
Common Shares Outstanding, End of Period (4)	15,414,132	15,275,686
Tangible Common Book Value per Share = (3)/(4)	<u>\$ 14.44</u>	<u>\$ 12.12</u>

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

(d) 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 C&N'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)**

	<b>For the Three Months Ended:</b>				
	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Interest income	\$ 33,087	\$ 31,326	\$ 30,336	\$ 30,236	\$ 29,118
Interest expense	12,931	11,881	11,295	10,642	9,455
Net interest income	20,156	19,445	19,041	19,594	19,663
Provision (credit) for credit losses	1,207	565	954	951	(1,225)
Net interest income after provision (credit) for credit losses	18,949	18,880	18,087	18,643	20,888
Noninterest income	7,133	7,854	6,675	8,720	6,489
Net realized losses on securities	0	0	0	(3,042)	0
Noninterest expense	18,269	19,255	18,304	18,399	17,940
Income before income tax provision	7,813	7,479	6,458	5,922	9,437
Income tax provision	1,448	1,366	1,152	1,661	1,846
Net income	\$ 6,365	\$ 6,113	\$ 5,306	\$ 4,261	\$ 7,591
Net income attributable to common shares	\$ 6,311	\$ 6,066	\$ 5,267	\$ 4,231	\$ 7,534
Basic earnings per common share	\$ 0.41	\$ 0.40	\$ 0.35	\$ 0.28	\$ 0.50
Diluted earnings per common share	\$ 0.41	\$ 0.40	\$ 0.35	\$ 0.28	\$ 0.50

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

	As of: Sept. 30, 2024	June 30, 2024	March 31, 2023	Dec. 31, 2023	Sept. 30, 2023
<b>ASSETS</b>					
Cash & Due from Banks	\$ 184,213	\$ 100,412	\$ 46,448	\$ 56,878	\$ 52,658
Available-for-Sale Debt Securities	408,422	401,145	405,094	415,755	429,138
Loans, Net	1,872,322	1,872,825	1,852,426	1,828,931	1,812,585
Bank-Owned Life Insurance	50,757	50,301	49,857	63,674	31,557
Bank Premises and Equipment, Net	21,537	21,966	21,852	21,632	21,267
Deferred Tax Asset, Net	17,047	18,375	17,703	17,441	23,731
Intangible Assets	54,682	54,779	54,877	54,974	55,076
Other Assets	61,842	73,319	73,280	56,299	57,937
<b>TOTAL ASSETS</b>	<b>\$ 2,670,822</b>	<b>\$ 2,593,122</b>	<b>\$ 2,521,537</b>	<b>\$ 2,515,584</b>	<b>\$ 2,483,949</b>
<b>LIABILITIES</b>					
Deposits (1)	\$ 2,135,879	\$ 2,059,309	\$ 1,995,903	\$ 2,014,806	\$ 2,024,997
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	186,043	202,523	197,655	172,211	148,529
Senior Notes, Net	14,882	14,865	14,848	14,831	14,814
Subordinated Debt, Net	24,802	24,773	24,745	24,717	24,689
Other Liabilities	31,911	28,431	26,730	26,638	30,715
<b>TOTAL LIABILITIES</b>	<b>2,393,517</b>	<b>2,329,901</b>	<b>2,259,881</b>	<b>2,253,203</b>	<b>2,243,744</b>
<b>STOCKHOLDERS' EQUITY</b>					
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Loss	307,369	304,582	302,362	300,818	300,031
Accumulated Other Comprehensive Loss:					
Net Unrealized Losses on Available-for-sale Debt Securities	(30,396)	(41,710)	(41,071)	(38,878)	(60,278)
Defined Benefit Plans	332	349	365	441	452
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>277,305</b>	<b>263,221</b>	<b>261,656</b>	<b>262,381</b>	<b>240,205</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 2,670,822</b>	<b>\$ 2,593,122</b>	<b>\$ 2,521,537</b>	<b>\$ 2,515,584</b>	<b>\$ 2,483,949</b>
(1) Brokered Deposits (Included in Total Deposits)	\$ 45,051	\$ 59,501	\$ 69,391	\$ 64,369	\$ 62,512

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

	September 30, 2024		June 30, 2024		December 31, 2023		September 30, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of the U.S. Treasury	\$ 8,072	\$ 7,321	\$ 10,323	\$ 9,257	\$ 12,325	\$ 11,290	\$ 33,938	\$ 30,557
Obligations of U.S. Government agencies	10,271	9,376	10,582	9,350	11,119	9,946	21,372	18,796
Bank holding company debt securities	28,956	23,949	28,955	23,657	28,952	23,500	28,950	22,311
Obligations of states and political subdivisions:								
Tax-exempt	113,093	104,936	113,659	102,020	113,464	104,199	123,598	104,453
Taxable	55,182	48,434	56,294	47,481	58,720	50,111	65,408	53,457
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:								
Residential pass-through securities	101,545	94,053	104,708	93,874	105,549	95,405	109,102	94,469
Residential collateralized mortgage obligations	48,251	45,601	46,623	42,565	50,212	46,462	38,267	33,397
Commercial mortgage-backed securities	73,695	66,390	74,510	64,718	76,412	66,682	76,627	63,672
Private label commercial mortgage-backed securities	8,327	8,362	8,290	8,223	8,215	8,160	8,178	8,026
Total Available-for-Sale Debt Securities	<u>\$ 447,392</u>	<u>\$ 408,422</u>	<u>\$ 453,944</u>	<u>\$ 401,145</u>	<u>\$ 464,968</u>	<u>\$ 415,755</u>	<u>\$ 505,440</u>	<u>\$ 429,138</u>

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

	September 30, 2024	June 30, 2024	December 31, 2023	September 30, 2023
Commercial real estate - non-owner occupied:				
Non-owner occupied	\$ 470,383	\$ 489,514	\$ 499,104	\$ 503,434
Multi-family (5 or more) residential	87,487	67,154	64,076	61,061
1-4 Family - commercial purpose	163,233	167,296	174,162	172,792
Total commercial real estate - non-owner occupied	<u>721,103</u>	<u>723,964</u>	<u>737,342</u>	<u>737,287</u>
Commercial real estate - owner occupied	<u>266,477</u>	<u>267,169</u>	<u>237,246</u>	<u>231,112</u>
All other commercial loans:				
Commercial and industrial	93,205	77,339	78,832	80,960
Commercial lines of credit	128,461	130,924	117,236	122,189
Political subdivisions	85,479	89,460	79,031	80,415
Commercial construction and land	105,255	114,162	104,123	91,014
Other commercial loans	19,585	19,221	20,471	21,125
Total all other commercial loans	<u>431,985</u>	<u>431,106</u>	<u>399,693</u>	<u>395,703</u>
Residential mortgage loans:				
1-4 Family - residential	383,482	383,494	389,262	385,777
1-4 Family residential construction	23,947	26,330	24,452	24,236
Total residential mortgage	<u>407,429</u>	<u>409,824</u>	<u>413,714</u>	<u>410,013</u>
Consumer loans:				
Consumer lines of credit (including HELCs)	43,624	42,325	41,503	37,736
All other consumer	22,146	18,819	18,641	18,819
Total consumer	<u>65,770</u>	<u>61,144</u>	<u>60,144</u>	<u>56,555</u>
Total	1,892,764	1,893,207	1,848,139	1,830,670
Less: allowance for credit losses on loans	(20,442)	(20,382)	(19,208)	(18,085)
Loans, net	<u>\$ 1,872,322</u>	<u>\$ 1,872,825</u>	<u>\$ 1,828,931</u>	<u>\$ 1,812,585</u>

**NON-OWNER OCCUPIED COMMERCIAL REAL ESTATE**  
**(In Thousands)**

Loan Type	September 30, 2024	% of Non-owner Occupied CRE	% of Total Loans
Office	\$ 96,241	20.5 %	5.1 %
Retail	94,773	20.1 %	5.0 %
Industrial	82,946	17.6 %	4.4 %
Hotels	72,491	15.4 %	3.8 %
Mixed Use	60,800	12.9 %	3.2 %
Other	63,132	13.4 %	3.3 %
Total Non-owner Occupied CRE Loans	<u>\$ 470,383</u>		
Total Gross Loans	<u>\$ 1,892,764</u>		

**PAST DUE LOANS AND NONPERFORMING ASSETS**  
**(Dollars In Thousands)**

	September 30, 2024	June 30, 2024	December 31, 2023	September 30, 2023
Loans individually evaluated with a valuation allowance	\$ 1,622	\$ 6,613	\$ 7,786	\$ 7,861
Loans individually evaluated without a valuation allowance	18,069	8,567	3,478	4,146
Total individually evaluated loans	<u>\$ 19,691</u>	<u>\$ 15,180</u>	<u>\$ 11,264</u>	<u>\$ 12,007</u>
 Total loans past due 30-89 days and still accruing	 <u>\$ 15,906</u>	 <u>\$ 3,088</u>	 <u>\$ 9,275</u>	 <u>\$ 3,675</u>
Nonperforming assets:				
Total nonaccrual loans	\$ 24,401	\$ 19,579	\$ 15,177	\$ 15,501
Total loans past due 90 days or more and still accruing	<u>56</u>	<u>20</u>	<u>3,190</u>	<u>1,292</u>
Total nonperforming loans	24,457	19,599	18,367	16,793
Foreclosed assets held for sale (real estate)	<u>181</u>	<u>181</u>	<u>478</u>	<u>633</u>
Total nonperforming assets	<u>\$ 24,638</u>	<u>\$ 19,780</u>	<u>\$ 18,845</u>	<u>\$ 17,426</u>
 Total nonperforming loans as a % of total loans	 1.29 %	 1.04 %	 0.99 %	 0.92 %
Total nonperforming assets as a % of assets	0.92 %	0.76 %	0.75 %	0.70 %
Allowance for credit losses as a % of total loans	1.08 %	1.08 %	1.04 %	0.99 %

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

	3 Months Ended September 30, 2024	3 Months Ended June 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Balance, beginning of period	\$ 20,382	\$ 20,023	\$ 19,056	\$ 19,208	\$ 16,615
Adoption of ASU 2016-13 (CECL)	0	0	0	0	2,104
Charge-offs	(1,268)	(236)	(98)	(1,684)	(299)
Recoveries	<u>31</u>	<u>29</u>	<u>60</u>	<u>95</u>	<u>74</u>
Net charge-offs	(1,237)	(207)	(38)	(1,589)	(225)
Provision (credit) for credit losses on loans	<u>1,297</u>	<u>566</u>	<u>(933)</u>	<u>2,823</u>	<u>(409)</u>
Balance, end of period	<u>\$ 20,442</u>	<u>\$ 20,382</u>	<u>\$ 18,085</u>	<u>\$ 20,442</u>	<u>\$ 18,085</u>

**ANALYSIS OF THE PROVISION (CREDIT) FOR CREDIT LOSSES**  
**(In Thousands)**

	3 Months Ended September 30, 2024	3 Months Ended June 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Provision (credit) for credit losses:					
Loans receivable	\$ 1,297	\$ 566	\$ (933)	\$ 2,823	\$ (409)
Off-balance sheet exposures	(90)	(1)	(292)	(97)	(356)
Total provision (credit) for credit losses	<u>\$ 1,207</u>	<u>\$ 565</u>	<u>\$ (1,225)</u>	<u>\$ 2,726</u>	<u>\$ (765)</u>

**PPNR NON- GAAP RECONCILIATION**  
**(In Thousands)**

	Three Months Ended			Nine Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Calculation of PPNR:</b>					
Net Income (GAAP)	\$ 6,365	\$ 6,113	\$ 7,591	\$ 17,784	\$ 19,887
Add: Provision for income taxes	1,448	1,366	1,846	3,966	4,674
Add: Provision (credit) for credit losses	1,207	565	(1,225)	2,726	(765)
Add: Realized losses (gains) on available-for-sale securities debt securities	0	0	0	0	(6)
Add: Adjustments to reflect net interest income on a fully taxable-equivalent basis	205	202	212	602	720
PPNR (non-GAAP)	<u>\$ 9,225</u>	<u>\$ 8,246</u>	<u>\$ 8,424</u>	<u>\$ 25,078</u>	<u>\$ 24,510</u>



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

	Three Months Ended			Nine Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>INTEREST INCOME</b>					
Interest-bearing due from banks	\$ 1,622	\$ 516	\$ 345	\$ 2,521	\$ 932
Available-for-sale debt securities:					
Taxable	2,136	2,137	2,077	6,409	6,440
Tax-exempt	638	626	681	1,887	2,161
Total available-for-sale debt securities	2,774	2,763	2,758	8,296	8,601
Loans receivable:					
Taxable	28,099	27,490	25,526	82,292	72,314
Tax-exempt	749	730	683	2,149	2,101
Total loans receivable	28,848	28,220	26,209	84,441	74,415
Other earning assets	48	29	18	93	40
Total Interest Income	33,292	31,528	29,330	95,351	83,988
<b>INTEREST EXPENSE</b>					
Interest-bearing deposits:					
Interest checking	3,240	2,836	2,360	8,882	4,859
Money market	2,159	1,917	1,669	6,256	3,654
Savings	50	52	60	157	186
Time deposits	4,963	4,509	3,175	13,322	6,894
Total interest-bearing deposits	10,412	9,314	7,264	28,617	15,593
Borrowed funds:					
Short-term	184	360	677	1,141	2,918
Long-term - FHLB advances	1,983	1,855	1,164	5,294	2,901
Senior notes, net	120	120	120	360	359
Subordinated debt, net	232	232	230	695	691
Total borrowed funds	2,519	2,567	2,191	7,490	6,869
Total Interest Expense	12,931	11,881	9,455	36,107	22,462
Net Interest Income	\$ 20,361	\$ 19,647	\$ 19,875	\$ 59,244	\$ 61,526

Note: Interest income from tax-exempt securities and loans has been adjusted to a fully taxable-equivalent basis, using C&N'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.

<b>(In Thousands)</b>					
	Three Months Ended			Nine Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net Interest Income Under U.S. GAAP	\$ 20,156	\$ 19,445	\$ 19,663	\$ 58,642	\$ 60,806
Add: fully taxable-equivalent interest income adjustment from tax-exempt securities	66	67	84	202	314
Add: fully taxable-equivalent interest income adjustment from tax-exempt loans	139	135	128	400	406
Net Interest Income as adjusted to a fully taxable-equivalent basis	\$ 20,361	\$ 19,647	\$ 19,875	\$ 59,244	\$ 61,526

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

	3 Months Ended 9/30/2024 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 6/30/2024 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 9/30/2023 Average Balance	Rate of Return/ Cost of Funds %
<b>EARNING ASSETS</b>						
Interest-bearing due from banks	\$ 119,885	5.38 %	\$ 43,139	4.81 %	\$ 31,729	4.31 %
Available-for-sale debt securities, at amortized cost:						
Taxable	336,246	2.53 %	343,971	2.50 %	379,709	2.17 %
Tax-exempt	113,514	2.24 %	112,921	2.23 %	124,435	2.17 %
Total available-for-sale debt securities	449,760	2.45 %	456,892	2.43 %	504,144	2.17 %
Loans receivable:						
Taxable	1,797,224	6.22 %	1,792,556	6.17 %	1,729,972	5.85 %
Tax-exempt	91,246	3.27 %	90,830	3.23 %	87,026	3.10 %
Total loans receivable	1,888,470	6.08 %	1,883,386	6.03 %	1,816,998	5.72 %
Other earning assets	3,076	6.21 %	2,176	5.36 %	1,468	4.86 %
Total Earning Assets	2,461,191	5.38 %	2,385,593	5.32 %	2,354,339	4.94 %
Cash	24,987		22,396		22,068	
Unrealized loss on securities	(47,806)		(56,765)		(63,110)	
Allowance for credit losses	(20,643)		(20,290)		(19,540)	
Bank-owned life insurance	50,470		50,018		31,559	
Bank premises and equipment	21,793		21,994		21,132	
Intangible assets	54,730		54,827		55,125	
Other assets	73,320		89,859		74,483	
Total Assets	\$ 2,618,042		\$ 2,547,632		\$ 2,476,056	
<b>INTEREST-BEARING LIABILITIES</b>						
Interest-bearing deposits:						
Interest checking	\$ 543,288	2.37 %	\$ 517,145	2.21 %	\$ 512,074	1.83 %
Money market	356,487	2.41 %	340,038	2.27 %	340,618	1.94 %
Savings	198,312	0.10 %	207,530	0.10 %	232,240	0.10 %
Time deposits	485,708	4.07 %	457,885	3.96 %	406,436	3.10 %
Total interest-bearing deposits	1,583,795	2.62 %	1,522,598	2.46 %	1,491,368	1.93 %
Borrowed funds:						
Short-term	15,038	4.87 %	27,732	5.22 %	49,157	5.46 %
Long-term - FHLB advances	181,075	4.36 %	175,373	4.25 %	119,395	3.87 %
Senior notes, net	14,875	3.21 %	14,856	3.25 %	14,808	3.22 %
Subordinated debt, net	24,787	3.72 %	24,759	3.77 %	24,676	3.70 %
Total borrowed funds	235,775	4.25 %	242,720	4.25 %	208,036	4.18 %
Total Interest-bearing Liabilities	1,819,570	2.83 %	1,765,318	2.71 %	1,699,404	2.21 %
Demand deposits	500,859		493,922		498,724	
Other liabilities	29,226		29,972		30,749	
Total Liabilities	2,349,655		2,289,212		2,228,877	
Stockholders' equity, excluding accumulated other comprehensive loss	305,808		302,758		296,577	
Accumulated other comprehensive loss	(37,421)		(44,338)		(49,398)	
Total Stockholders' Equity	268,387		258,420		247,179	
Total Liabilities and Stockholders' Equity	\$ 2,618,042		\$ 2,547,632		\$ 2,476,056	
Interest Rate Spread		2.55 %		2.61 %		2.73 %
Net Interest Income/Earning Assets		3.29 %		3.31 %		3.35 %
<b>Total Deposits (Interest-bearing and Demand)</b>						
	\$ 2,084,654		\$ 2,016,520		\$ 1,990,092	

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

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

	9 Months Ended 9/30/2024 Average Balance	Rate of Return/ Cost of Funds %	9 Months Ended 9/30/2023 Average Balance	Rate of Return/ Cost of Funds%
<b>EARNING ASSETS</b>				
Interest-bearing due from banks	\$ 65,449	5.15 %	\$ 31,076	4.01 %
Available-for-sale debt securities, at amortized cost:				
Taxable	342,677	2.50 %	395,070	2.18 %
Tax-exempt	113,267	2.23 %	127,530	2.27 %
Total available-for-sale debt securities	455,944	2.43 %	522,600	2.20 %
Loans receivable:				
Taxable	1,787,982	6.15 %	1,687,593	5.73 %
Tax-exempt	89,094	3.22 %	89,645	3.12 %
Total loans receivable	1,877,076	6.01 %	1,777,238	5.60 %
Other earning assets	2,215	5.61 %	1,332	4.02 %
Total Earning Assets	2,400,684	5.31 %	2,332,246	4.81 %
Cash	22,619		22,475	
Unrealized loss on securities	(51,792)		(59,921)	
Allowance for credit losses	(20,141)		(18,472)	
Bank-owned life insurance	51,647		31,413	
Bank premises and equipment	21,858		21,262	
Intangible assets	54,827		55,227	
Other assets	81,988		70,369	
Total Assets	<u>\$ 2,561,690</u>		<u>\$ 2,454,599</u>	
<b>INTEREST-BEARING LIABILITIES</b>				
Interest-bearing deposits:				
Interest checking	\$ 525,179	2.26 %	\$ 477,751	1.36 %
Money market	353,142	2.37 %	344,527	1.42 %
Savings	206,344	0.10 %	245,483	0.10 %
Time deposits	457,662	3.89 %	365,174	2.52 %
Total interest-bearing deposits	1,542,327	2.48 %	1,432,935	1.45 %
Borrowed funds:				
Short-term	29,086	5.24 %	75,978	5.13 %
Long-term - FHLB advances	166,454	4.25 %	103,817	3.74 %
Senior notes, net	14,857	3.24 %	14,790	3.25 %
Subordinated debt, net	24,759	3.75 %	24,648	3.75 %
Total borrowed funds	235,156	4.25 %	219,233	4.19 %
Total Interest-bearing Liabilities	1,777,483	2.71 %	1,652,168	1.82 %
Demand deposits	492,008		523,822	
Other liabilities	29,527		28,091	
Total Liabilities	2,299,018		2,204,081	
Stockholders' equity, excluding accumulated other comprehensive loss	303,209		297,386	
Accumulated other comprehensive loss	(40,537)		(46,868)	
Total Stockholders' Equity	262,672		250,518	
Total Liabilities and Stockholders' Equity	<u>\$ 2,561,690</u>		<u>\$ 2,454,599</u>	
Interest Rate Spread		2.60 %		2.99 %
Net Interest Income/Earning Assets		3.30 %		3.53 %
Total Deposits (Interest-bearing and Demand)	\$ 2,034,335		\$ 1,956,757	

- (1) Annualized rates of return on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using C&N'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			Nine Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Trust revenue	\$ 1,946	\$ 2,014	\$ 1,919	\$ 5,857	\$ 5,500
Brokerage and insurance revenue	523	527	394	1,589	1,189
Service charges on deposit accounts	1,546	1,472	1,443	4,336	4,121
Interchange revenue from debit card transactions	1,103	1,089	1,098	3,205	3,115
Net gains from sales of loans	360	235	237	786	450
Loan servicing fees, net	74	130	154	434	466
Increase in cash surrender value of life insurance	458	444	160	1,372	450
Other noninterest income	1,123	1,943	1,084	4,083	3,442
Total noninterest income, excluding realized gains (losses) on securities, net	<u>\$ 7,133</u>	<u>\$ 7,854</u>	<u>\$ 6,489</u>	<u>\$ 21,662</u>	<u>\$ 18,733</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salaries and employee benefits	\$ 10,875	\$ 11,023	\$ 10,878	\$ 33,460	\$ 33,082
Net occupancy and equipment expense	1,377	1,333	1,268	4,160	3,993
Data processing and telecommunications expenses	1,882	2,003	1,823	5,877	5,659
Automated teller machine and interchange expense	510	473	504	1,470	1,374
Pennsylvania shares tax	433	434	403	1,300	1,210
Professional fees	555	552	487	1,625	1,988
Other noninterest expense	2,637	3,437	2,577	7,936	8,443
Total noninterest expense	<u>\$ 18,269</u>	<u>\$ 19,255</u>	<u>\$ 17,940</u>	<u>\$ 55,828</u>	<u>\$ 55,749</u>

**LIQUIDITY INFORMATION**  
(In Thousands)

**Available Credit Facilities**

	Outstanding			Available			Total Credit		
	September 30, 2024	June 30, 2024	Dec. 31, 2023	September 30, 2024	June 30, 2024	Dec. 31, 2023	September 30, 2024	June 30, 2024	Dec. 31, 2023
Federal Home Loan Bank of Pittsburgh	\$ 207,858	\$ 223,853	\$ 189,021	\$ 737,284	\$ 719,722	\$ 737,824	\$ 945,142	\$ 943,575	\$ 926,845
Federal Reserve Bank Discount Window	0	0	0	18,602	18,884	19,982	18,602	18,884	19,982
Other correspondent banks	0	0	0	75,000	75,000	75,000	75,000	75,000	75,000
Total credit facilities	\$ 207,858	\$ 223,853	\$ 189,021	\$ 830,886	\$ 813,606	\$ 832,806	\$ 1,038,744	\$ 1,037,459	\$ 1,021,827

**Uninsured Deposits Information**

	September 30, 2024	June 30, 2024	December 31, 2023
Total Deposits - C&N Bank	\$ 2,152,136	\$ 2,074,806	\$ 2,030,909

Estimated Total Uninsured Deposits	\$ 655,569	\$ 605,765	\$ 592,206
Portion of Uninsured Deposits that are			
Collateralized	183,274	158,268	151,031
Uninsured and Uncollateralized Deposits	\$ 472,295	\$ 447,497	\$ 441,175

**Uninsured and Uncollateralized Deposits as a % of Total Deposits**

	21.9 %	21.6 %	21.7 %
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Available Funding from Credit Facilities	\$ 830,886	\$ 813,606	\$ 832,806
Fair Value of Available-for-sale Debt			
Securities in Excess of Pledging Obligations	223,060	238,375	256,058
Highly Liquid Available Funding	\$ 1,053,946	\$ 1,051,981	\$ 1,088,864

**Highly Liquid Available Funding as a % of Uninsured Deposits**

	160.8 %	173.7 %	183.9 %
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**Highly Liquid Available Funding as a % of Uninsured and Uncollateralized Deposits**

	223.2 %	235.1 %	246.8 %
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