

# BANK & NOTES

CITIZENS & NORTHERN  
CORPORATION

C&N'S THIRD QUARTER REPORT

## DEAR SHAREHOLDER:

The headline in the third quarter was the Federal Reserve's September decision to cut its target fed funds rate from 5.50% to 5.00%. This shift in monetary policy is significant and is expected to be followed by a series of cuts to take the overnight rate to a neutral position relative to inflation, currently projected at around 3%. The impact of this action on longer-term interest rates, which remain lower than the fed funds rate, is unknown. Lower rates should support economic activity and returning to a positively sloped yield curve would improve C&N's net interest margin over time.

Third quarter 2024 results continued the steady improvement we have seen throughout the year. Net income was \$6,365,000, or \$.41 per share for the quarter and \$17,784,000, or \$1.16 per share year-to-date. While both figures are below 2023 results, our core earnings,

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**"THIRD QUARTER 2024 RESULTS  
CONTINUED THE STEADY IMPROVEMENT  
WE HAVE SEEN THROUGHOUT THE YEAR."**

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measured by pre-tax, pre-provision net revenue (PPNR), have actually outperformed last year's results for both the third quarter and year-to-date. Management remains confident that this positive trend will continue as we have successfully navigated through a challenging period of rising interest rates, inflation, and broader economic uncertainties.

The improvement in third quarter core earnings compared to last year was driven by several factors. These included increased net interest income, up by 2.51%, and increases in our noninterest income, up by 9.92%, as revenue from wealth management activity, mortgage loan sales, bank fees, and Bank Owned Life Insurance (BOLI) all improved. Additionally, we saw slower growth in our noninterest expenses (up by 1.83%) as management focused on controlling costs.

Deposit growth was strong during the quarter, supported by our team's persistent efforts to build relationships with consumer and business customers, as well as several larger municipal accounts. This growth has enabled us to improve our cash position while reducing the more costly brokered deposits and borrowed funds, a shift in our funding mix that will provide support to the net interest margin going forward. Importantly, C&N's liquidity position is strong and supports our lending capacity as we move through the end of 2024 and into 2025.

For a more detailed discussion of our quarterly results, see the press release linked in the QR code.

As we continue to focus on optimizing existing technologies and programs, we're also learning to apply the rapid development of AI technologies to make our customer-facing and internal processes more efficient. Over the past two years, we have been testing AI applications to streamline our internal operations, making it easier for

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# BUSINESS & CULTURE

## C&N CHARITY CLASSIC RAISES OVER \$34,000

C&N's 9th annual Charity Golf Classic was a resounding success, bringing together community members, vendors, partners, and customers to raise a record-breaking \$34,000. The event, held on September 9th, showcased the power of collaboration and generosity.

With 33 teams participating and the support of numerous sponsors, the tournament surpassed all previous fundraising records. C&N is grateful for the continued enthusiasm and commitment of its partners in helping us build momentum behind our Giving Back, Giving Together initiative.



As a special tribute to Dave Murdock, a beloved friend of C&N who tragically lost his life in the recent floods, the bank decided to donate all proceeds from the 50/50 raffle to the Dave Murdock Community Fund. A total of \$3,285 was raised for this worthy cause.

Looking ahead, C&N is excited to carry the energy of the Charity Golf Classic forward, and build upon its success in the years to come. As the tournament approaches its 10th anniversary, the bank is committed to making it an even more impactful event for everyone involved.



### GET YOUR GBGT SHIRT!

Wear your support for GBGT! C&N is offering shirts to benefit the eight local cancer organizations we're helping.

These shirts begin at \$25, with proceeds benefitting our GBGT partners. Order below!



## RECENT C&N EVENTS PLACE FOCUS ON HEALTH & WELLNESS

To foster a culture of health and wellness, C&N held two outdoor events that offered opportunities for community members to engage in physical activity, connect with nature, and reduce stress.

### WALK THE CANYON



On Sunday, September 29, C&N teammates, along with their family and friends, gathered at the PA Grand Canyon to enjoy the beautiful fall scenery. They also held a gift basket fundraiser to support GBGT. Despite the rainy conditions, it was a great day to connect as a team.

### RAIL TRAIL RIDE



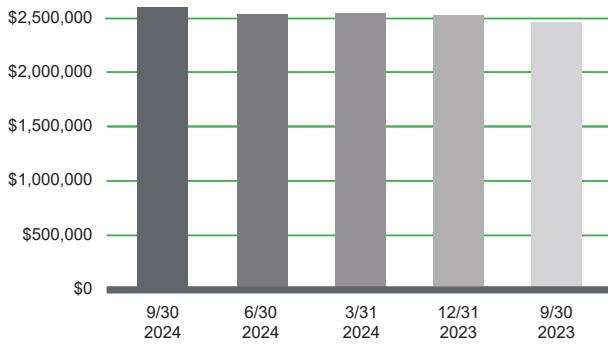
The Lycoming County Wealth Management Team hosted their 4th annual C&N Rail Trail Ride on Saturday, September 7th. Supporting their GBGT partner, the Paternostro Cancer Foundation, the team raised over \$1,750, with several C&N team members participating in the ride.

# DOLLARS&SENSE

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



## TOTAL ASSETS (In Thousands)



## TABLE INFORMATION (In Thousands)

	9/30 2024	6/30 2024	3/31 2024	12/31 2023	9/30 2023
Total Assets	\$2,670,822	\$2,593,122	\$2,521,537	\$2,515,584	\$2,483,949

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

	Q-3 2024	Q-3 2023	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
Net Income	\$6,365	\$7,591	(\$1,226)	(16.15%)
Net Income Diluted Per Share	\$0.41	\$0.50	(\$0.09)	(18.00%)
Dividends Per Share	\$0.28	\$0.28	\$0.00	0.00%
Loans, Net	\$1,872,322	\$1,812,585	\$59,737	3.30%
Total Assets	\$2,670,822	\$2,483,949	\$186,873	7.52%
Deposits	\$2,135,879	\$2,024,997	\$110,882	5.48%
Total Stockholders' Equity	\$277,305	\$240,205	\$37,100	15.45%

## Citizens & Northern Corporation (CZNC)

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME
9/30/24	\$19.68	\$19.81	\$19.50	\$19.69	11,200

# NEW&EXCITING

## CYBERSECURITY MONTH & BEHIND THE FIREWALL, A C&N PODCAST

C&N prioritizes your online safety. All October long, C&N will be recognizing Cybersecurity Month by providing insight on how you can stay safe online. Follow along on C&N's social media channels to stay informed.

Building on the success of MoneyArmor, our all-ages digital security guide, we're thrilled to launch "Behind the Firewall," a brand new monthly podcast designed to help you stay safe online.

Hosted by Pete Boergemann, C&N's Director of Information

Security, the podcast equips businesses with the tools they need to stay ahead of cyber threats. Tune in for expert insights, timely news, and actionable tips on cybersecurity trends, best practices, and real-world defenses. Empower your business. Listen at [cnbankpa.com/MoneyArmor](http://cnbankpa.com/MoneyArmor) or subscribe on your favorite podcast platform.



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# BANCNOTES

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our teams to quickly find answers and tackle complex tasks. While we continue to explore these powerful tools, we remain committed to doing so thoughtfully, adhering to our risk profile, and ensuring we maintain the tailored service and strong security that our customers expect.

C&N's Giving Back, Giving Together program continued to make an impact in quarter three with our annual Charity Golf Classic tournament in September. We had 33 teams

participate and raised over \$34,000 for this year's Standing Strong Against Cancer initiative. Since it launched on June 1, 2024, the campaign has already raised over one-third of its annual \$100,000 goal. Please see the "Business&Culture" section for a full update.

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

October 28, 2024.

As we look ahead to the final quarter of 2024, we maintain our unwavering commitment to create value for our customers, shareholders, and community, and we thank you for your ongoing support.



J. Bradley Scovill  
President and CEO