

# CITIZENS & NORTHERN

CORPORATION

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

### Highlights:

- Net income was \$6,113,000, or \$0.40 diluted earnings per share for the second quarter 2024, up from \$5,306,000, or \$0.35 per diluted share in the first quarter 2024 and \$6,043,000, or \$0.39 per diluted share in the second quarter 2023. Net income for the six months ended June 30, 2024 was \$11,419,000, or \$0.74 diluted earnings per share, down from \$12,296,000, or \$0.80 diluted earnings per share for the first six months of 2023.
- The net interest margin was 3.31% in the second quarter 2024 as compared to 3.29% in the first quarter 2024 and 3.53% in the second quarter 2023. The net interest margin was 3.30% for the first six months of 2024, down from 3.62% in the corresponding period of 2023.
- The provision for credit losses was \$565,000 in the second quarter 2024, down from \$954,000 in the first quarter 2024 and \$812,000 in the second quarter 2023. The provision for credit losses was \$1,519,000 in the first six months of 2024, up from \$460,000 in the first six months of 2023. At June 30, 2024, the allowance for credit losses (“ACL”) was \$20,382,000 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 increased \$20.8 million, or 1.1% at June 30, 2024 from March 31, 2024. Average loans receivable increased 5.2% (annualized) during the second quarter 2024 from the first quarter 2024. Average loans receivable were higher by 6.5% for the six months ended June 30, 2024, as compared to the first six months of 2023.
- Nonperforming loans totaled \$19.6 million or 1.04% of total loans at June 30, 2024, up from \$19.3 million or 1.03% of total loans at March 31, 2024 and \$18.4 million or 0.99% of total loans at December 31, 2023. Total nonperforming assets were 0.76% of total assets at June 30, 2024, down from 0.78% at March 31, 2023 and up from 0.75% at December 31, 2023.
- Total deposits increased \$63.4 million at June 30, 2024 from March 31, 2024. Total deposits, excluding brokered deposits, were higher by 3.8% from March 31, 2024. Average total deposits increased 3.0% (annualized) during the second quarter 2024 from the first quarter 2024. Average total deposits were 3.6% higher for the six months ended June 30, 2024, as compared to the first six months of 2023.
- At June 30, 2024, estimated uninsured and uncollateralized deposits totaled 21.6% 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 June 30, 2024, available funding from these sources totaled 173.7% of uninsured deposits and 235.1% of uninsured and uncollateralized deposits.

### Dividend Declared and Unaudited Financial Information

On July 18, 2024, C&N’s Board of Directors declared a regular quarterly cash dividend of \$0.28 per share. The dividend is payable on August 9, 2024 to shareholders of record as of July 29, 2024.

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

### **Second Quarter 2024 as Compared to First Quarter 2024**

Net income was \$6,113,000, or \$0.40 per diluted share, for the second quarter 2024 as compared to \$5,306,000, or \$0.35 per diluted share, for the first quarter 2024.

- Net interest income of \$19,445,000 in the second quarter 2024 increased \$404,000 from the first quarter 2024. The net interest margin was 3.31% in the second quarter 2024, up 0.02% from 3.29% in the first quarter 2024. The net interest spread decreased 0.01%, as the average rate on interest-bearing liabilities increased 0.11%, while the average yield on earning assets increased 0.10%.
- For the quarter ended June 30, 2024, there was a provision for credit losses of \$565,000, a decrease of \$389,000 in expense compared to \$954,000 in the first quarter 2024. In the second quarter 2024, the ACL on loans increased \$359,000 to 1.08% of gross loans receivable at June 30, 2024 from 1.07% at March 31, 2024. In the second quarter 2024, net charge-offs totaled \$207,000, or 0.04% (annualized) of average loans receivable.
- Noninterest income of \$7,854,000 in the second quarter 2024 increased \$1,179,000 from the first quarter 2024 amount. Significant variances included the following:
  - Other noninterest income of \$1,943,000 increased \$926,000 from the first quarter 2024, including income of \$841,000 recognized in the second quarter from tax credits related to donations with no corresponding amount in the first quarter 2024.
  - Service charges on deposit accounts increased \$154,000 from the first quarter 2024 consistent with a seasonal increase in volume of overdraft and other fees as compared to the typically slower first quarter amounts.
  - Trust revenue of \$2,014,000 increased \$117,000 from the first quarter 2024, consistent with recent appreciation in the trading prices of many U.S. equity securities and includes revenue from new business.
  - Interchange revenue from debit card transactions of \$1,089,000 increased \$76,000 reflecting an increase in transaction volume.
  - Loan servicing fees, net, of \$130,000 decreased \$100,000, as the fair value of servicing rights decreased \$69,000 in the second quarter 2024 as compared to an increase of \$25,000 in the first quarter 2024.
- Noninterest expense of \$19,255,000 in the second quarter 2024 increased \$951,000 from the first quarter 2024 amount. Significant variances included the following:
  - Other noninterest expense of \$3,437,000 increased \$1,575,000 from the first quarter 2024. Within this category, significant variances included the following:
    - Donations expense increased \$943,000, reflecting the impact of donations totaling \$933,000 made under the Pennsylvania Educational Improvement Tax Credit program in the second quarter which generated the income from tax credits of \$841,000 noted above.

- In the first quarter 2024, there was a reduction in expense of \$483,000 related to the defined benefit postretirement medical benefit plan, including a curtailment of \$469,000 related to plan adjustments. In comparison, in the second quarter, there was a reduction in expense associated with the postretirement plan of \$15,000.
- Salaries and employee benefits expense of \$11,023,000 decreased \$539,000 from the first quarter 2024 including decreases in payroll tax and unemployment compensation expenses of \$349,000, reflecting the normal pattern of such costs, as well as decreases in health insurance expenses of \$125,000 and severance expense of \$78,000.
- The income tax provision of \$1,366,000, or 18.3% of pre-tax income for the second quarter 2024 increased \$214,000 from \$1,152,000, or 17.8% of pre-tax income for the first quarter 2024. The increase in income tax provision reflected the increase in pre-tax income of \$1,021,000 for the quarter.

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

Second quarter 2024 net income was \$6,113,000, or \$0.40 per diluted share, as compared to \$6,043,000, or \$0.39 per diluted share, in the second quarter 2023. Significant variances were as follows:

- Net interest income of \$19,445,000 in the second quarter 2024 was \$917,000 lower than the second quarter 2023. The net interest margin was 3.31% in the second quarter 2024, down from 3.53% in the second quarter 2023. The interest rate spread decreased 0.37%, as the average rate on interest-bearing liabilities increased 0.85%, while the average yield on earning assets increased 0.48%.
- For the quarter ended June 30, 2024, the provision for credit losses was \$565,000, a decrease of \$247,000 in expense compared to \$812,000 in the second quarter 2023. The ACL as a percentage of gross loans receivable was 1.08% at June 30, 2024 as compared to 1.05% at June 30, 2023.
- Noninterest income of \$7,854,000 in the second quarter 2024 increased \$1,219,000 from the second quarter 2023 amount. Significant variances included the following:
  - Other noninterest income of \$1,943,000 increased \$356,000, including an increase of \$145,000 in dividends from FHLB-Pittsburgh and Federal Reserve stock and an increase of \$120,000 in income recognized from tax credits related to donations.
  - Earnings from the increase in cash surrender value of life insurance of \$444,000 increased \$292,000 from the second quarter 2023 reflecting the earnings on additional Bank-Owned Life Insurance purchased in December 2023.
  - Trust revenue of \$2,014,000 increased \$210,000, including an increase of \$169,000 in revenue from new business.
  - Brokerage and insurance revenue of \$527,000 increased \$162,000 due to an increase in sales volume.
  - Net gains from sale of loans of \$235,000 increased \$96,000 from the second quarter 2023, reflecting an increase in volume of residential mortgage loans sold.
  - Service charges on deposit accounts increased \$84,000 from the second quarter 2023 reflecting an increase in volume of fees.

- Noninterest expense of \$19,255,000 in the second quarter 2024 increased \$533,000 from the second quarter 2023 amount. Significant variances included the following:
  - Salaries and employee benefits expense of \$11,023,000 increased \$246,000 or 2.3%, including increases in cash and stock-based incentive compensation expense of \$378,000 and base salaries expense of \$105,000, or 1.4%, while ESOP contributions and Supplemental Executive Retirement Plan (SERP) expenses decreased \$233,000.
  - Data processing and telecommunications of \$2,003,000 increased \$103,000, including an increase in internet banking costs.
  - Other noninterest expense of \$3,437,000 increased \$78,000 from the second quarter 2023. Within this category, significant variances included the following:
    - Donations expense increased \$165,000 including an increase of \$133,000 in PA Educational Improvement Tax Credit Program donations made in 2024 compared to 2023.
    - Expenses from check fraud, debit card fraud and other operational losses totaled \$26,000 in the second quarter 2024 as compared to a net reduction in expense of \$110,000 in the second quarter 2023.
    - Legal fees totaled \$131,000 in 2024 a decrease of \$196,000, mainly due to a decrease in fees incurred related to non-litigation-related corporate matters.
  - Automated teller machine and interchange expense of \$473,000 increased \$78,000 reflecting increased volume of activity.

#### **Six Months Ended June 30, 2024 as Compared to Six Months Ended June 30, 2023**

Net income for the six-month period ended June 30, 2024 was \$11,419,000, or \$0.74 per diluted share, as compared to \$12,296,000, or \$0.80 per diluted share, for the first six months of 2023. Significant variances were as follows:

- Net interest income totaled \$38,486,000 in the six months ended June 30, 2024, a decrease of \$2,657,000 from the total for the first six months of 2023. The net interest margin was 3.30% for the first six months of 2024, down from 3.62% in the corresponding period of 2022. The interest rate spread decreased 0.52%, as the average rate on interest-bearing liabilities was higher by 1.04% while the average yield on earning assets increased 0.52%.
- For the six months ended June 30, 2024, the provision for credit losses was \$1,519,000, an increase in expense of \$1,059,000 from the first six months of 2023. In the first six months of 2024, the ACL on loans receivable increased \$1,326,000 to 1.08% at June 30, 2024 as compared to 1.04% at December 31, 2023. For the first six months ended June 30, 2024, net charge-offs totaled \$352,000, or 0.04% (annualized) of average loans receivable.
- Noninterest income totaled \$14,529,000 in the first six months of 2024, up \$2,285,000 from the total for the first six months of 2023. Significant variances included the following:
  - Earnings from the increase in cash surrender value of life insurance of \$914,000 increased \$624,000 reflecting earnings on additional Bank-Owned Life Insurance purchased in December 2023.
  - Other noninterest income of \$2,960,000 increased \$602,000 as dividends on FHLB-Pittsburgh and Federal Reserve stock totaled \$835,000, an increase of \$328,000, and income from tax credits related to donations increased \$120,000.

- Trust revenue of \$3,911,000 increased \$330,000, consistent with recent appreciation in the trading prices of many U.S. equity securities and includes revenue from new business.
- Brokerage and insurance revenue of \$1,066,000 increased \$271,000 due to an increase in sales volume.
- Net gains from sale of loans of \$426,000 increased \$213,000, reflecting an increase in volume of residential mortgage loans sold.
- Noninterest expense totaled \$37,559,000 for the first six months of 2024, a decrease of \$250,000 from the total for the first six months of 2023. Significant variances included the following:
  - Other noninterest expense of \$5,299,000 decreased \$567,000. Within this category, significant variances included the following:
    - For the first six months of 2024, there was a reduction in expense of \$498,000 related to the defined benefit postretirement medical benefit plan, including a curtailment of \$469,000 related to plan adjustments in the first quarter 2024 as noted above. In comparison, in the first six months of 2023, there was a reduction in expense associated with the postretirement plan of \$10,000.
    - Legal fees totaled \$273,000 in the first six months of 2024, a decrease of \$240,000, mainly due to lower fees incurred related to non-litigation-related corporate matters.
    - Donations expense increased \$147,000 including an increase of \$133,000 in PA Educational Improvement Tax Credit Program donations made in the first six months of 2024 compared to the corresponding period in 2023.
  - Professional fees of \$1,070,000 decreased \$431,000 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 \$22,585,000 increased \$381,000, including an increase in base salaries expense of \$441,000, or 3.0%, an increase of \$207,000 in cash and stock-based incentive compensation and an increase of \$78,000 in severance expense, while ESOP and SERP expense decreased \$433,000.
  - Data processing and telecommunications of \$3,995,000 increased \$159,000, including an increase of \$191,000 in internet banking expenses.

**Other Information:**

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$2,593,122,000 at June 30, 2024, up from \$2,521,537,000 at March 31, 2024 and \$2,470,780,000 at June 30, 2023.
- Cash and due from banks totaled \$100,412,000 at June 30, 2024, up \$53,964,000 from March 31, 2024 and \$48,650,000 from June 30, 2023. The more elevated cash position at June 30, 2024 includes the impact of strong deposit growth in the second quarter 2024.
- The amortized cost of available-for-sale debt securities decreased to \$453,944,000 at June 30, 2024 from \$457,081,000 at March 31, 2024 and \$507,132,000 at June 30, 2023. The fair value of available-for-sale debt securities at June 30, 2024 was lower than the amortized cost basis by \$52,799,000, or 11.6%. In comparison, the

aggregate unrealized loss position was \$51,987,000 (11.4%) at March 31, 2024 and \$61,437,000 (12.1%) at June 30, 2023. The unrealized decrease in fair value of the portfolio has resulted from an increase in interest rates as compared to rates when the securities were purchased. Management reviewed the available-for-sale debt securities as of June 30, 2024 and concluded, as of such date, that there were no credit-related declines in fair value and that the unrealized losses on all of the securities in an unrealized loss position are considered temporary.

- Gross loans receivable totaled \$1,893,207,000 at June 30, 2024, an increase of \$20,758,000 (1.1%) from total loans at March 31, 2024 and an increase of \$78,697,000 (4.3%) from total loans at June 30, 2023. In comparing outstanding balances at June 30, 2024 and 2023, total commercial loans were up \$67,971,000 (5.0%), reflecting growth in owner occupied commercial real estate loans of \$39,368,000 and other commercial loans of \$38,422,000 offset by a decrease of \$9,819,000 in non-owner occupied commercial real estate loans. Within other commercial loans, the outstanding balance of commercial construction and land loans increased \$33,771,000, commercial lines of credit increased \$8,317,000 and political subdivisions increased \$5,004,000 offset by decreases in the outstanding balances of commercial and industrial loans and other commercial loans. Total residential mortgage loans were up \$5,591,000 (1.4%), and total consumer loans increased \$5,135,000 (9.2%). The outstanding balance of residential mortgage loans originated and serviced by C&N that have been sold to third parties was \$321.1 million at June 30, 2024, up \$2.9 million (0.9%) from June 30, 2023.
- At June 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 \$96,642,000, or 5.1% of gross loans receivable. At June 30, 2024, within this segment there were two loans with a total recorded investment of \$3,885,000 in nonaccrual status with specific allowances totaling \$493,000. 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 June 30, 2024.
- Total nonperforming assets as a percentage of total assets was 0.76% at June 30, 2024, down from 0.78% at March 31, 2024 and up from 0.58% at June 30, 2023. Total nonperforming assets were \$19.8 million at June 30, 2024 and March 31, 2024 and \$14.5 million at June 30, 2023. At June 30, 2024, total loans receivable individually evaluated with an allowance were \$6,613,000, with specific allowances (included in the total ACL on loans receivable) totaling \$1,230,000. In comparison, at March 31, 2024, loans individually evaluated with an allowance totaled \$10,062,000 with specific allowances totaling \$1,403,000, and, at June 30, 2023, loans individually evaluated with an allowance totaled \$5,785,000 with specific allowances totaling \$720,000.
- Deposits totaled \$2,059,309,000 at June 30, 2024, up \$63,406,000 (3.2%) from \$1,995,903,000 at March 31, 2024, despite a decrease in brokered deposits of \$9,890,000. Total deposits, excluding brokered deposits, were up \$73,296,000 (3.8%) at June 30, 2024 from March 31, 2024. Total deposits were up \$49,191,000 (2.4%) at June 30, 2024 as compared to June 30, 2023, despite a decrease in brokered deposits of \$11,152,000. At June 30, 2024, C&N's estimated uninsured deposits totaled \$605.8 million, or 29.2% 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 \$158.3 million, or 7.6% of the Bank's total deposits, at June 30, 2024.
- C&N maintained highly liquid sources of available funds totaling \$1.1 billion at June 30, 2024, including unused borrowing capacity with the Federal Home Loan Bank of Pittsburgh of \$719.7 million, unused availability on the Federal Reserve Bank of Philadelphia's discount window of \$18.9 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 \$238.4 million. At June 30, 2024, available funding from these sources totaled 173.7% of uninsured deposits, and 235.1% 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 \$242,161,000 at June 30, 2024, up \$4,913,000 from March 31, 2024 and \$56,008,000 from June 30, 2023.

- Total stockholders' equity was \$263,221,000 at June 30, 2024, up from \$261,656,000 at March 31, 2024 and from 248,117,000 at June 30, 2023. Within stockholders' equity, the portion of accumulated other comprehensive loss related to available-for-sale debt securities was \$41,710,000 at June 30, 2024, \$41,071,000 at March 31, 2024 and \$48,536,000 at June 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 and six-month periods ended June 30, 2024, 22,496 shares were repurchased for a total cost of \$379,000, at an average price of \$16.85 per share. At June 30, 2024, there were 727,504 shares available to be repurchased under the program.
- Citizens & Northern Bank is subject to various regulatory capital requirements. At June 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 \$1,284,674,000 at June 30, 2024, up 4.9% from \$1,224,573,000 at March 31, 2024, and up 11.3% from \$1,154,728,000 at June 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 \$202,000, \$195,000 and \$239,000 for the second quarter 2024, first quarter 2024 and second quarter 2023, respectively. The excess of net interest income on a fully taxable-equivalent basis over the amounts reported under U.S. GAAP was \$397,000 for the six months ended June 30, 2024 and \$508,000 for the six months ended June 30, 2023.

Citizens & Northern Corporation is the bank holding company for Citizens & Northern Bank, headquartered in Wellsboro, Pennsylvania which operates 29 banking offices located in Bradford, Bucks, Cameron, Chester, Lycoming, McKean, Potter, Sullivan, Tioga, York and Lancaster Counties in Pennsylvania and Steuben County in New York, as well as a loan production office in Elmira, New York. Citizens & Northern Corporation trades on NASDAQ under the symbol "CZNC." For more information about Citizens & Northern Bank and Citizens & Northern Corporation, visit [www.cnbankpa.com](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)**

	2nd QUARTER 2024	2nd QUARTER 2023	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 31,326	\$ 28,011	\$ 3,315	11.83 %
Interest Expense	11,881	7,649	4,232	55.33 %
Net Interest Income	19,445	20,362	(917)	(4.50)%
Provision for Credit Losses	565	812	(247)	(30.42)%
Net Interest Income After Provision for Credit Losses	18,880	19,550	(670)	(3.43)%
Noninterest Income	7,854	6,635	1,219	18.37 %
Net Realized Losses on Available-for-sale Debt Securities	0	(1)	1	(100.00)%
Noninterest Expense	19,255	18,722	533	2.85 %
Income Before Income Tax Provision	7,479	7,462	17	0.23 %
Income Tax Provision	1,366	1,419	(53)	(3.74)%
<b>Net Income</b>	<b>\$ 6,113</b>	<b>\$ 6,043</b>	<b>\$ 70</b>	<b>1.16 %</b>
<b>Net Income Attributable to Common Shares (1)</b>	<b>\$ 6,066</b>	<b>\$ 5,996</b>	<b>\$ 70</b>	<b>1.17 %</b>
<b>PER COMMON SHARE DATA:</b>				
Net Income - Basic	\$ 0.40	\$ 0.39	\$ 0.01	2.56 %
Net Income - Diluted	\$ 0.40	\$ 0.39	\$ 0.01	2.56 %
Dividends Per Share	\$ 0.28	\$ 0.28	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,264,533	15,231,505		
Number of Shares Used in Computation - Diluted	15,264,533	15,231,505		
<b>SIX MONTHS ENDED JUNE 30,</b>				
	2024 (Current)	2023 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$ 61,662	\$ 54,150	\$ 7,512	13.87 %
Interest Expense	23,176	13,007	10,169	78.18 %
Net Interest Income	38,486	41,143	(2,657)	(6.46)%
Provision for Credit Losses	1,519	460	1,059	230.22 %
Net Interest Income After Provision for Credit Losses	36,967	40,683	(3,716)	(9.13)%
Noninterest Income	14,529	12,244	2,285	18.66 %
Net Realized Gains on Available-for-sale Debt Securities	0	6	(6)	(100.00)%
Noninterest Expense	37,559	37,809	(250)	(0.66)%
Income Before Income Tax Provision	13,937	15,124	(1,187)	(7.85)%
Income Tax Provision	2,518	2,828	(310)	(10.96)%
<b>Net Income</b>	<b>\$ 11,419</b>	<b>\$ 12,296</b>	<b>\$ (877)</b>	<b>(7.13)%</b>
<b>Net Income Attributable to Common Shares (1)</b>	<b>\$ 11,333</b>	<b>\$ 12,197</b>	<b>\$ (864)</b>	<b>(7.08)%</b>
<b>PER COMMON SHARE DATA:</b>				
Net Income - Basic	\$ 0.74	\$ 0.80	\$ (0.06)	(7.50)%
Net Income - Diluted	\$ 0.74	\$ 0.80	\$ (0.06)	(7.50)%
Dividends Per Share	\$ 0.56	\$ 0.56	\$ 0.00	0.00 %
Number of Shares Used in Computation - Basic	15,247,557	15,320,101		
Number of Shares Used in Computation - Diluted	15,247,557	15,320,366		

(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)**

	June 30, 2024	June 30, 2023	\$ Incr. (Decr.)	% Incr. (Decr.)
<b>ASSETS</b>				
Cash & Due from Banks	\$ 100,412	\$ 51,762	\$ 48,650	93.99 %
Available-for-sale Debt Securities	401,145	445,695	(44,550)	(10.00)%
Loans, Net	1,872,825	1,795,454	77,371	4.31 %
Bank-Owned Life Insurance	50,301	31,504	18,797	59.67 %
Bank Premises and Equipment, Net	21,966	20,970	996	4.75 %
Deferred Tax Asset, Net	18,375	20,687	(2,312)	(11.18)%
Intangible Assets	54,779	55,178	(399)	(0.72)%
Other Assets	73,319	49,530	23,789	48.03 %
<b>TOTAL ASSETS</b>	<b>\$ 2,593,122</b>	<b>\$ 2,470,780</b>	<b>\$ 122,342</b>	<b>4.95 %</b>
<b>LIABILITIES</b>				
Deposits	\$ 2,059,309	\$ 2,010,118	\$ 49,191	2.45 %
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	202,523	146,694	55,829	38.06 %
Senior Notes, Net	14,865	14,798	67	0.45 %
Subordinated Debt, Net	24,773	24,661	112	0.45 %
Other Liabilities	28,431	26,392	2,039	7.73 %
<b>TOTAL LIABILITIES</b>	<b>2,329,901</b>	<b>2,222,663</b>	<b>107,238</b>	<b>4.82 %</b>
<b>STOCKHOLDERS' EQUITY</b>				
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Loss	304,582	296,190	8,392	2.83 %
Accumulated Other Comprehensive Loss:				
Net Unrealized Losses on Available-for-sale Debt Securities	(41,710)	(48,536)	6,826	(14.06)%
Defined Benefit Plans	349	463	(114)	(24.62)%
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>263,221</b>	<b>248,117</b>	<b>15,104</b>	<b>6.09 %</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 2,593,122</b>	<b>\$ 2,470,780</b>	<b>\$ 122,342</b>	<b>4.95 %</b>

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

	FOR THE THREE MONTHS ENDED June 30,		% INCREASE (DECREASE)
	2024	2023	
<b>EARNINGS PERFORMANCE</b>			
Net Income	\$ 6,113	\$ 6,043	1.16 %
Return on Average Assets (Annualized)	0.96 %	0.98 %	(2.04)%
Return on Average Equity (Annualized)	9.46 %	9.60 %	(1.46)%

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

	2024	2023	% INCREASE (DECREASE)
PPNR	\$ 8,246	\$ 8,514	(3.15)%
PPNR (Annualized) as a % of Average Assets	1.29 %	1.38 %	(6.52)%
PPNR (Annualized) as a % of Average Equity	12.76 %	13.53 %	(5.69)%

	AS OF OR FOR THE SIX MONTHS ENDED June 30,		% INCREASE (DECREASE)
	2024	2023	
<b>EARNINGS PERFORMANCE - U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")</b>			
Net Income	\$ 11,419	\$ 12,296	(7.13)%
Return on Average Assets (Annualized)	0.90 %	1.01 %	(10.89)%
Return on Average Equity (Annualized)	8.79 %	9.75 %	(9.85)%

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

	2024	2023	% INCREASE (DECREASE)
PPNR	\$ 15,853	\$ 16,086	(1.45)%
PPNR (Annualized) as a % of Average Assets	1.25 %	1.32 %	(5.30)%
PPNR (Annualized) as a % of Average Equity	12.20 %	12.76 %	(4.39)%

**BALANCE SHEET HIGHLIGHTS**

	2024	2023	% INCREASE (DECREASE)
Total Assets	\$ 2,593,122	\$ 2,470,780	4.95 %
Available-for-Sale Debt Securities	401,145	445,695	(10.00)%
Loans, Net	1,872,825	1,795,454	4.31 %
Allowance for Credit Losses:			
Allowance for Credit Losses on Loans	20,382	19,056	6.96 %
Allowance for Credit Losses on Off-Balance Sheet Exposures	682	1,154	(40.90)%
Deposits	2,059,309	2,010,118	2.45 %

**OFF-BALANCE SHEET**

	2024	2023	% INCREASE (DECREASE)
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$ 321,136	\$ 318,267	0.90 %
Trust Assets Under Management	1,284,674	1,154,728	11.25 %

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

	2024	2023	% INCREASE (DECREASE)
Net Income - Basic	\$ 0.74	\$ 0.80	(7.50)%
Net Income - Diluted	\$ 0.74	\$ 0.80	(7.50)%
Dividends	\$ 0.56	\$ 0.56	0.00 %
Common Book Value	\$ 17.12	\$ 16.25	5.35 %
Tangible Common Book Value (b)	\$ 13.56	\$ 12.64	7.28 %
Market Value (Last Trade)	\$ 17.89	\$ 19.30	(7.31)%
Market Value / Common Book Value	104.50 %	118.77 %	(12.01)%
Market Value / Tangible Common Book Value	131.93 %	152.69 %	(13.60)%
Price Earnings Multiple	12.09	12.06	0.25 %
Dividend Yield (Annualized)	6.26 %	5.80 %	7.93 %
Common Shares Outstanding, End of Period	15,375,982	15,268,096	0.71 %

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

	AS OF OR FOR THE SIX MONTHS ENDED		% INCREASE (DECREASE)
	2024	June 30, 2023	
<b>SAFETY AND SOUNDNESS</b>			
Tangible Common Equity / Tangible Assets (b)	8.21 %	7.99 %	2.75 %
Nonperforming Assets / Total Assets	0.76 %	0.58 %	31.03 %
Allowance for Credit Losses / Total Loans	1.08 %	1.05 %	2.86 %
Total Risk Based Capital Ratio (c)	15.49 %	15.86 %	(2.33)%
Tier 1 Risk Based Capital Ratio (c)	13.09 %	13.37 %	(2.09)%
Common Equity Tier 1 Risk Based Capital Ratio (c)	13.09 %	13.37 %	(2.09)%
Leverage Ratio (c)	9.85 %	9.81 %	0.41 %
<b>AVERAGE BALANCES</b>			
Average Assets	\$ 2,533,204	\$ 2,443,693	3.66 %
Average Equity	\$ 259,783	\$ 252,215	3.00 %
<b>EFFICIENCY RATIO (d)</b>			
Net Interest Income on a Fully Taxable-Equivalent Basis (d)			
	\$ 38,883	\$ 41,651	(6.65)%
Noninterest Income, Excluding Net Realized Gains on Available-for-sale Debt Securities			
	14,529	12,244	18.66 %
Total (1)	\$ 53,412	\$ 53,895	(0.90)%
Noninterest Expense (2)	\$ 37,559	\$ 37,809	(0.66)%
Efficiency Ratio = (2)/(1)	70.32 %	70.15 %	0.24 %

- (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 and tangible common equity as a percentage of tangible assets 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	\$ 2,593,122	\$ 2,470,780
Less: Intangible Assets, Primarily Goodwill	(54,779)	(55,178)
Tangible Assets	<u>\$ 2,538,343</u>	<u>\$ 2,415,602</u>
Total Stockholders' Equity	\$ 263,221	\$ 248,117
Less: Intangible Assets, Primarily Goodwill	(54,779)	(55,178)
Tangible Common Equity (3)	<u>\$ 208,442</u>	<u>\$ 192,939</u>
Common Shares Outstanding, End of Period (4)	15,375,982	15,286,096
Tangible Common Book Value per Share = (3)/(4)	<u>\$ 13.56</u>	<u>\$ 12.64</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)**

	For the Three Months Ended:				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Interest income	\$ 31,326	\$ 30,336	\$ 30,236	\$ 29,118	\$ 28,011
Interest expense	11,881	11,295	10,642	9,455	7,649
Net interest income	19,445	19,041	19,594	19,663	20,362
Provision (credit) for credit losses	565	954	951	(1,225)	812
Net interest income after provision (credit) for credit losses	18,880	18,087	18,643	20,888	19,550
Noninterest income	7,854	6,675	8,720	6,489	6,635
Net realized losses on securities	0	0	(3,042)	0	(1)
Noninterest expense	19,255	18,304	18,399	17,940	18,722
Income before income tax provision	7,479	6,458	5,922	9,437	7,462
Income tax provision	1,366	1,152	1,661	1,846	1,419
Net income	\$ 6,113	\$ 5,306	\$ 4,261	\$ 7,591	\$ 6,043
Net income attributable to common shares	\$ 6,066	\$ 5,267	\$ 4,231	\$ 7,534	\$ 5,996
Basic earnings per common share	\$ 0.40	\$ 0.35	\$ 0.28	\$ 0.50	\$ 0.39
Diluted earnings per common share	\$ 0.40	\$ 0.35	\$ 0.28	\$ 0.50	\$ 0.39

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

	As of: June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023
<b>ASSETS</b>					
Cash & Due from Banks	\$ 100,412	\$ 46,448	\$ 56,878	\$ 52,658	\$ 51,762
Available-for-Sale Debt Securities	401,145	405,094	415,755	429,138	445,695
Loans, Net	1,872,825	1,852,426	1,828,931	1,812,585	1,795,454
Bank-Owned Life Insurance	50,301	49,857	63,674	31,557	31,504
Bank Premises and Equipment, Net	21,966	21,852	21,632	21,267	20,970
Deferred Tax Asset, Net	18,375	17,703	17,441	23,731	20,687
Intangible Assets	54,779	54,877	54,974	55,076	55,178
Other Assets	73,319	73,280	56,299	57,937	49,530
<b>TOTAL ASSETS</b>	<b>\$ 2,593,122</b>	<b>\$ 2,521,537</b>	<b>\$ 2,515,584</b>	<b>\$ 2,483,949</b>	<b>\$ 2,470,780</b>
<b>LIABILITIES</b>					
Deposits (1)	\$ 2,059,309	\$ 1,995,903	\$ 2,014,806	\$ 2,024,997	\$ 2,010,118
Borrowed Funds - Federal Home Loan Bank and Repurchase Agreements	202,523	197,655	172,211	148,529	146,694
Senior Notes, Net	14,865	14,848	14,831	14,814	14,798
Subordinated Debt, Net	24,773	24,745	24,717	24,689	24,661
Other Liabilities	28,431	26,730	26,638	30,715	26,392
<b>TOTAL LIABILITIES</b>	<b>2,329,901</b>	<b>2,259,881</b>	<b>2,253,203</b>	<b>2,243,744</b>	<b>2,222,663</b>
<b>STOCKHOLDERS' EQUITY</b>					
Common Stockholders' Equity, Excluding Accumulated Other Comprehensive Loss	304,582	302,362	300,818	300,031	296,190
Accumulated Other Comprehensive Loss:					
Net Unrealized Losses on Available-for-sale Debt Securities	(41,710)	(41,071)	(38,878)	(60,278)	(48,536)
Defined Benefit Plans	349	365	441	452	463
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>263,221</b>	<b>261,656</b>	<b>262,381</b>	<b>240,205</b>	<b>248,117</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 2,593,122</b>	<b>\$ 2,521,537</b>	<b>\$ 2,515,584</b>	<b>\$ 2,483,949</b>	<b>\$ 2,470,780</b>
(1) Brokered Deposits (Included in Total Deposits)	\$ 59,501	\$ 69,391	\$ 64,369	\$ 62,512	\$ 70,653

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

	June 30, 2024		March 31, 2024		December 31, 2023		June 30, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of the U.S.								
Treasury	\$ 10,323	\$ 9,257	\$ 11,324	\$ 10,231	\$ 12,325	\$ 11,290	\$ 33,931	\$ 30,743
Obligations of U.S.								
Government agencies	10,582	9,350	10,637	9,376	11,119	9,946	22,899	20,552
Bank holding company debt securities	28,955	23,657	28,953	23,469	28,952	23,500	28,948	23,325
Obligations of states and political subdivisions:								
Tax-exempt	113,659	102,020	113,181	102,826	113,464	104,199	125,247	113,170
Taxable	56,294	47,481	57,960	49,255	58,720	50,111	65,715	55,702
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:								
Residential pass-through securities	104,708	93,874	102,048	91,116	105,549	95,405	105,027	92,795
Residential collateralized mortgage obligations	46,623	42,565	48,477	44,501	50,212	46,462	40,444	35,897
Commercial mortgage-backed securities	74,510	64,718	76,249	66,121	76,412	66,682	76,780	65,517
Private label commercial mortgage-backed securities	8,290	8,223	8,252	8,199	8,215	8,160	8,141	7,994
Total Available-for-Sale Debt Securities	<u>\$ 453,944</u>	<u>\$ 401,145</u>	<u>\$ 457,081</u>	<u>\$ 405,094</u>	<u>\$ 464,968</u>	<u>\$ 415,755</u>	<u>\$ 507,132</u>	<u>\$ 445,695</u>

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

	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Commercial real estate - non-owner occupied				
Non-owner occupied	\$ 489,514	\$ 507,223	\$ 499,104	\$ 505,519
Multi-family (5 or more) residential	67,154	64,866	64,076	61,004
1-4 Family - commercial purpose	167,296	167,740	174,162	167,260
Total commercial real estate - non-owner occupied	<u>723,964</u>	<u>739,829</u>	<u>737,342</u>	<u>733,783</u>
Commercial real estate - owner occupied	<u>267,169</u>	<u>250,145</u>	<u>237,246</u>	<u>227,801</u>
All other commercial loans:				
Commercial and industrial	77,339	80,136	78,832	80,270
Commercial lines of credit	130,924	121,791	117,236	122,607
Political subdivisions	89,460	84,652	79,031	84,456
Commercial construction and land	114,162	106,255	104,123	80,391
Other commercial loans	19,221	19,971	20,471	24,960
Total all other commercial loans	<u>431,106</u>	<u>412,805</u>	<u>399,693</u>	<u>392,684</u>
Residential mortgage loans:				
1-4 Family - residential	383,494	387,542	389,262	378,698
1-4 Family residential construction	26,330	22,121	24,452	25,535
Total residential mortgage	<u>409,824</u>	<u>409,663</u>	<u>413,714</u>	<u>404,233</u>
Consumer loans:				
Consumer lines of credit (including HELCs)	42,325	41,204	41,503	36,608
All other consumer	18,819	18,803	18,641	19,401
Total consumer	<u>61,144</u>	<u>60,007</u>	<u>60,144</u>	<u>56,009</u>
Total	<u>1,893,207</u>	<u>1,872,449</u>	<u>1,848,139</u>	<u>1,814,510</u>
Less: allowance for credit losses on loans	<u>(20,382)</u>	<u>(20,023)</u>	<u>(19,208)</u>	<u>(19,056)</u>
Loans, net	<u>\$ 1,872,825</u>	<u>\$ 1,852,426</u>	<u>\$ 1,828,931</u>	<u>\$ 1,795,454</u>

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

Loan Type	June 30, 2024	% of Non-owner Occupied CRE	% of Total Loans
Industrial	\$ 98,840	20.2 %	5.2 %
Office	96,642	19.7 %	5.1 %
Retail	93,552	19.1 %	4.9 %
Hotels	72,915	14.9 %	3.9 %
Mixed Use	58,891	12.0 %	3.1 %
Other	68,674	14.0 %	3.6 %
Total Non-owner Occupied CRE Loans	\$ 489,514		
Total Gross Loans	\$ 1,893,207		

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

	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Loans individually evaluated with a valuation allowance	\$ 6,613	\$ 10,062	\$ 7,786	\$ 5,785
Loans individually evaluated without a valuation allowance	8,567	4,743	3,478	3,314
Total individually evaluated loans	\$ 15,180	\$ 14,805	\$ 11,264	\$ 9,099
Total loans past due 30-89 days and still accruing	\$ 3,088	\$ 6,560	\$ 9,275	\$ 4,709
Nonperforming assets:				
Total nonaccrual loans	\$ 19,579	\$ 19,069	\$ 15,177	\$ 12,827
Total loans past due 90 days or more and still accruing	20	227	3,190	1,164
Total nonperforming loans	19,599	19,296	18,367	13,991
Foreclosed assets held for sale (real estate)	181	456	478	459
Total nonperforming assets	\$ 19,780	\$ 19,752	\$ 18,845	\$ 14,450
Total nonperforming loans as a % of total loans	1.04 %	1.03 %	0.99 %	0.77 %
Total nonperforming assets as a % of assets	0.76 %	0.78 %	0.75 %	0.58 %
Allowance for credit losses as a % of total loans	1.06 %	1.07 %	1.04 %	1.05 %

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

	3 Months Ended June 30, 2024	3 Months Ended March 31, 2024	3 Months Ended June 30, 2023	6 Months Ended June 30, 2024	6 Months Ended June 30, 2023
Balance, beginning of period	\$ 20,023	\$ 19,208	\$ 18,346	\$ 19,208	\$ 16,615
Adoption of ASU 2016-13 (CECL)	0	0	0	0	2,104
Charge-offs	(236)	(180)	(134)	(416)	(201)
Recoveries	29	35	8	64	14
Net charge-offs	(207)	(145)	(126)	(352)	(187)
Provision for credit losses on loans	566	960	836	1,526	524
Balance, end of period	\$ 20,382	\$ 20,023	\$ 19,056	\$ 20,382	\$ 19,056

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

	<b>3 Months Ended June 30, 2024</b>	<b>3 Months Ended March 31, 2024</b>	<b>3 Months Ended June 30, 2023</b>	<b>6 Months Ended June 30, 2024</b>	<b>6 Months Ended June 30, 2023</b>
Provision (credit) for credit losses:					
Loans receivable	\$ 566	\$ 960	\$ 836	\$ 1,526	\$ 524
Off-balance sheet exposures	(1)	(6)	(24)	(7)	(64)
Total provision for credit losses	<u>\$ 565</u>	<u>\$ 954</u>	<u>\$ 812</u>	<u>\$ 1,519</u>	<u>\$ 460</u>

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

	<b>Three Months Ended</b>			<b>Six Months Ended</b>	
	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>June 30, 2023</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>Calculation of PPNR:</b>					
Net Income (GAAP)	\$ 6,113	\$ 5,306	\$ 6,043	\$ 11,419	\$ 12,296
Add: Provision for income taxes	1,366	1,152	1,419	2,518	2,828
Add: Provision for credit losses	565	954	812	1,519	460
Add: Realized losses (gains) on available-for-sale securities debt securities	0	0	1	0	(6)
Add: Adjustments to reflect net interest income on a fully taxable-equivalent basis	202	195	239	397	508
PPNR (non-GAAP)	<u>\$ 8,246</u>	<u>\$ 7,607</u>	<u>\$ 8,514</u>	<u>\$ 15,853</u>	<u>\$ 16,086</u>



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

	Three Months Ended			Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>INTEREST INCOME</b>					
Interest-bearing due from banks	\$ 516	\$ 383	\$ 309	\$ 899	\$ 587
Available-for-sale debt securities:					
Taxable	2,137	2,136	2,152	4,273	4,363
Tax-exempt	626	623	713	1,249	1,480
Total available-for-sale debt securities	2,763	2,759	2,865	5,522	5,843
Loans receivable:					
Taxable	27,490	26,703	24,362	54,193	46,793
Tax-exempt	730	670	700	1,400	1,413
Total loans receivable	28,220	27,373	25,062	55,593	48,206
Other earning assets	29	16	14	45	22
Total Interest Income	31,528	30,531	28,250	62,059	54,658
<b>INTEREST EXPENSE</b>					
Interest-bearing deposits:					
Interest checking	2,836	2,806	1,512	5,642	2,499
Money market	1,917	2,180	1,112	4,097	1,985
Savings	52	55	63	107	126
Time deposits	4,509	3,850	2,412	8,359	3,719
Total interest-bearing deposits	9,314	8,891	5,099	18,205	8,329
Borrowed funds:					
Short-term	360	597	1,144	957	2,241
Long-term - FHLB advances	1,855	1,456	1,056	3,311	1,737
Senior notes, net	120	120	119	240	239
Subordinated debt, net	232	231	231	463	461
Total borrowed funds	2,567	2,404	2,550	4,971	4,678
Total Interest Expense	11,881	11,295	7,649	23,176	13,007
Net Interest Income	\$ 19,647	\$ 19,236	\$ 20,601	\$ 38,883	\$ 41,651

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.

(In Thousands)	Three Months Ended			Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Interest Income Under U.S. GAAP	\$ 19,445	\$ 19,041	\$ 20,362	\$ 38,486	\$ 41,143
Add: fully taxable-equivalent interest income adjustment from tax-exempt securities	67	69	103	136	230
Add: fully taxable-equivalent interest income adjustment from tax-exempt loans	135	126	136	261	278
Net Interest Income as adjusted to a fully taxable-equivalent basis	\$ 19,647	\$ 19,236	\$ 20,601	\$ 38,883	\$ 41,651

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

	3 Months Ended 6/30/2024 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 3/31/2024 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 6/30/2023 Average Balance	Rate of Return/ Cost of Funds %
<b>EARNING ASSETS</b>						
Interest-bearing due from banks	\$ 43,139	4.81 %	\$ 32,725	4.71 %	\$ 29,861	4.15 %
Available-for-sale debt securities, at amortized cost:						
Taxable	343,971	2.50 %	347,885	2.47 %	395,725	2.18 %
Tax-exempt	112,921	2.23 %	113,363	2.21 %	126,839	2.25 %
Total available-for-sale debt securities	<u>456,892</u>	<u>2.43 %</u>	<u>461,248</u>	<u>2.41 %</u>	<u>522,564</u>	<u>2.20 %</u>
Loans receivable:						
Taxable	1,792,556	6.17 %	1,774,064	6.05 %	1,697,740	5.76 %
Tax-exempt	90,830	3.23 %	85,182	3.16 %	90,111	3.12 %
Total loans receivable	<u>1,883,386</u>	<u>6.03 %</u>	<u>1,859,246</u>	<u>5.92 %</u>	<u>1,787,851</u>	<u>5.62 %</u>
Other earning assets	2,176	5.36 %	1,384	4.65 %	1,325	4.24 %
Total Earning Assets	<u>2,385,593</u>	<u>5.32 %</u>	<u>2,354,603</u>	<u>5.22 %</u>	<u>2,341,601</u>	<u>4.84 %</u>
Cash	22,396		20,448		23,084	
Unrealized loss on securities	(56,765)		(50,849)		(56,564)	
Allowance for credit losses	(20,290)		(19,484)		(18,795)	
Bank-owned life insurance	50,018		54,466		31,410	
Bank premises and equipment	21,994		21,788		21,140	
Intangible assets	54,827		54,925		55,228	
Other assets	89,859		82,879		69,213	
Total Assets	<u>\$ 2,547,632</u>		<u>\$ 2,518,776</u>		<u>\$ 2,466,317</u>	
<b>INTEREST-BEARING LIABILITIES</b>						
Interest-bearing deposits:						
Interest checking	\$ 517,145	2.21 %	\$ 514,905	2.19 %	\$ 463,300	1.31 %
Money market	340,038	2.27 %	362,864	2.42 %	328,581	1.36 %
Savings	207,530	0.10 %	213,278	0.10 %	247,434	0.10 %
Time deposits	457,885	3.96 %	429,085	3.61 %	375,557	2.58 %
Total interest-bearing deposits	<u>1,522,598</u>	<u>2.46 %</u>	<u>1,520,132</u>	<u>2.35 %</u>	<u>1,414,872</u>	<u>1.45 %</u>
Borrowed funds:						
Short-term	27,732	5.22 %	44,642	5.38 %	87,479	5.25 %
Long-term - FHLB advances	175,373	4.25 %	142,753	4.10 %	110,982	3.82 %
Senior notes, net	14,856	3.25 %	14,840	3.25 %	14,789	3.23 %
Subordinated debt, net	24,759	3.77 %	24,731	3.76 %	24,648	3.76 %
Total borrowed funds	<u>242,720</u>	<u>4.25 %</u>	<u>226,966</u>	<u>4.26 %</u>	<u>237,898</u>	<u>4.30 %</u>
Total Interest-bearing Liabilities	<u>1,765,318</u>	<u>2.71 %</u>	<u>1,747,098</u>	<u>2.60 %</u>	<u>1,652,770</u>	<u>1.86 %</u>
Demand deposits	493,922		481,146		533,533	
Other liabilities	29,972		29,386		28,217	
Total Liabilities	<u>2,289,212</u>		<u>2,257,630</u>		<u>2,214,520</u>	
Stockholders' equity, excluding accumulated other comprehensive loss	302,758		301,032		296,015	
Accumulated other comprehensive loss	(44,338)		(39,886)		(44,218)	
Total Stockholders' Equity	<u>258,420</u>		<u>261,146</u>		<u>251,797</u>	
Total Liabilities and Stockholders' Equity	<u>\$ 2,547,632</u>		<u>\$ 2,518,776</u>		<u>\$ 2,466,317</u>	
Interest Rate Spread		2.61 %		2.62 %		2.98 %
Net Interest Income/Earning Assets		3.31 %		3.29 %		3.53 %
Total Deposits (Interest-bearing and Demand)	\$ 2,016,520		\$ 2,001,278		\$ 1,948,405	

- (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)**

	Year Ended 6/30/2024 Average Balance	Rate of Return/ Cost of Funds %	Year Ended 6/30/2023 Average Balance	Rate of Return/ Cost of Funds%
<b>EARNING ASSETS</b>				
Interest-bearing due from banks	\$ 37,932	4.77 %	\$ 30,744	3.85 %
Available-for-sale debt securities, at amortized cost:				
Taxable	345,928	2.48 %	402,878	2.18 %
Tax-exempt	113,142	2.22 %	129,103	2.31 %
Total available-for-sale debt securities	<u>459,070</u>	<u>2.42 %</u>	<u>531,981</u>	<u>2.21 %</u>
Loans receivable:				
Taxable	1,783,310	6.11 %	1,666,052	5.66 %
Tax-exempt	88,006	3.20 %	90,976	3.13 %
Total loans receivable	<u>1,871,316</u>	<u>5.97 %</u>	<u>1,757,028</u>	<u>5.53 %</u>
Other earning assets	1,780	5.08 %	1,263	3.51 %
Total Earning Assets	<u>2,370,098</u>	<u>5.27 %</u>	<u>2,321,016</u>	<u>4.75 %</u>
Cash	21,422		22,682	
Unrealized loss on securities	(53,807)		(58,300)	
Allowance for credit losses	(19,887)		(17,929)	
Bank-owned life insurance	52,242		31,339	
Bank premises and equipment	21,891		21,328	
Intangible assets	54,876		55,279	
Other assets	86,369		68,278	
Total Assets	<u>\$ 2,533,204</u>		<u>\$ 2,443,693</u>	
<b>INTEREST-BEARING LIABILITIES</b>				
Interest-bearing deposits:				
Interest checking	\$ 516,025	2.20 %	\$ 460,305	1.09 %
Money market	351,451	2.34 %	346,514	1.16 %
Savings	210,404	0.10 %	252,214	0.10 %
Time deposits	443,485	3.79 %	344,201	2.18 %
Total interest-bearing deposits	<u>1,521,365</u>	<u>2.41 %</u>	<u>1,403,234</u>	<u>1.20 %</u>
Borrowed funds:				
Short-term	36,187	5.32 %	89,611	5.04 %
Long-term - FHLB advances	159,063	4.19 %	95,899	3.65 %
Senior notes, net	14,848	3.25 %	14,781	3.26 %
Subordinated debt, net	24,745	3.76 %	24,634	3.77 %
Total borrowed funds	<u>234,843</u>	<u>4.26 %</u>	<u>224,925</u>	<u>4.19 %</u>
Total Interest-bearing Liabilities	1,756,208	2.65 %	1,628,159	1.61 %
Demand deposits	487,534		536,579	
Other liabilities	29,679		26,740	
Total Liabilities	<u>2,273,421</u>		<u>2,191,478</u>	
Stockholders' equity, excluding accumulated other comprehensive loss	301,895		297,797	
Accumulated other comprehensive loss	(42,112)		(45,582)	
Total Stockholders' Equity	<u>259,783</u>		<u>252,215</u>	
Total Liabilities and Stockholders' Equity	<u>\$ 2,533,204</u>		<u>\$ 2,443,693</u>	
Interest Rate Spread		2.62 %		3.14 %
Net Interest Income/Earning Assets		3.30 %		3.62 %
Total Deposits (Interest-bearing and Demand)	\$ 2,008,899		\$ 1,939,813	

- (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)**

	June 30, 2024	Three Months Ended March 31, 2024	June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Trust revenue	\$ 2,014	\$ 1,897	\$ 1,804	\$ 3,911	\$ 3,581
Brokerage and insurance revenue	527	539	365	1,066	795
Service charges on deposit accounts	1,472	1,318	1,388	2,790	2,678
Interchange revenue from debit card transactions	1,089	1,013	1,010	2,102	2,017
Net gains from sales of loans	235	191	139	426	213
Loan servicing fees, net	130	230	190	360	312
Increase in cash surrender value of life insurance	444	470	152	914	290
Other noninterest income	1,943	1,017	1,587	2,960	2,358
Total noninterest income, excluding realized gains (losses) on securities, net	<u>\$ 7,854</u>	<u>\$ 6,675</u>	<u>\$ 6,635</u>	<u>\$ 14,529</u>	<u>\$ 12,244</u>

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

	June 30, 2024	Three Months Ended March 31, 2024	June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Salaries and employee benefits	\$ 11,023	\$ 11,562	\$ 10,777	\$ 22,585	\$ 22,204
Net occupancy and equipment expense	1,333	1,450	1,323	2,783	2,725
Data processing and telecommunications expenses	2,003	1,992	1,900	3,995	3,836
Automated teller machine and interchange expense	473	487	395	960	870
Pennsylvania shares tax	434	433	404	867	807
Professional fees	552	518	564	1,070	1,501
Other noninterest expense	3,437	1,862	3,359	5,299	5,866
Total noninterest expense	<u>\$ 19,255</u>	<u>\$ 18,304</u>	<u>\$ 18,722</u>	<u>\$ 37,559</u>	<u>\$ 37,809</u>

**LIQUIDITY INFORMATION**  
(In Thousands)

Available Credit Facilities	Outstanding			Available			Total Credit		
	June 30, 2024	March 31, 2024	Dec. 31, 2023	June 30, 2024	March 31, 2024	Dec. 31, 2023	June 30, 2024	March 31, 2024	Dec. 31, 2023
Federal Home Loan Bank of Pittsburgh	\$ 223,853	\$ 215,018	\$ 189,021	\$ 719,722	\$ 712,932	\$ 737,824	\$ 943,575	\$ 927,950	\$ 926,845
Federal Reserve Bank Discount Window	0	0	0	18,884	19,063	19,982	18,884	19,063	19,982
Other correspondent banks	0	0	0	75,000	75,000	75,000	75,000	75,000	75,000
Total credit facilities	<u>\$ 223,853</u>	<u>\$ 215,018</u>	<u>\$ 189,021</u>	<u>\$ 813,606</u>	<u>\$ 806,995</u>	<u>\$ 832,806</u>	<u>\$ 1,037,459</u>	<u>\$ 1,022,013</u>	<u>\$ 1,021,827</u>

Uninsured Deposits Information	June 30, 2024	March 31, 2024	December 31, 2023
Total Deposits - C&N Bank	\$ 2,074,806	\$ 2,012,167	\$ 2,030,909
Estimated Total Uninsured Deposits	\$ 605,765	\$ 568,085	\$ 592,206
Portion of Uninsured Deposits that are			
Collateralized	158,268	140,063	151,031
Uninsured and Uncollateralized Deposits	\$ 447,497	\$ 428,022	\$ 441,175
<b>Uninsured and Uncollateralized Deposits as a % of Total Deposits</b>	<u>21.6 %</u>	<u>21.3 %</u>	<u>21.7 %</u>
Available Funding from Credit Facilities	\$ 813,606	\$ 806,995	\$ 832,806
Fair Value of Available-for-sale Debt			
Securities in Excess of Pledging Obligations	238,375	259,489	256,058
Highly Liquid Available Funding	\$ 1,051,981	\$ 1,066,484	\$ 1,088,864
<b>Highly Liquid Available Funding as a % of Uninsured Deposits</b>	<u>173.7 %</u>	<u>187.7 %</u>	<u>183.9 %</u>
<b>Highly Liquid Available Funding as a % of Uninsured and Uncollateralized Deposits</b>	<u>235.1 %</u>	<u>249.2 %</u>	<u>246.8 %</u>