

Today,
Tomorrow
and the
Future



**CITIZENS & NORTHERN
CORPORATION**

2017 Annual Highlights

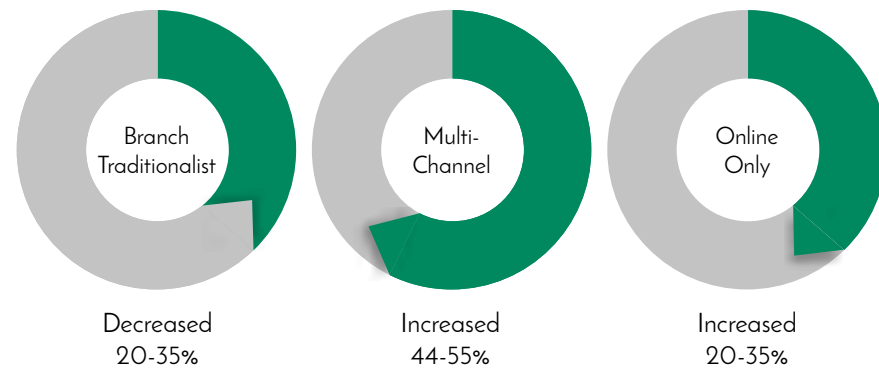


Today, Tomorrow and the Future

As a market leader, C&N places high importance on continually improving our customer experience. Delivering an experience that correlates with customer banking preferences - presently and into the future - has compelled us to define and implement an effective, efficient omni-channel delivery model. By investing in infrastructure, technology and our employees, we are laying the foundation for a sustainable, profitable future for C&N and its stakeholders.

National Trends in Consumer Banking Preferences¹

Over the last decade, we've seen a shift in consumer banking preferences and the introduction of many new convenience technologies.



Branch Traditionalist

The branch is the primary channel used to complete banking tasks. These users value personal relationships with branch staff.

TREND
20-35%

Multi-Channel User

This user completes banking tasks through a mix of online and branch channels.

TREND
44-55%

Online Only User

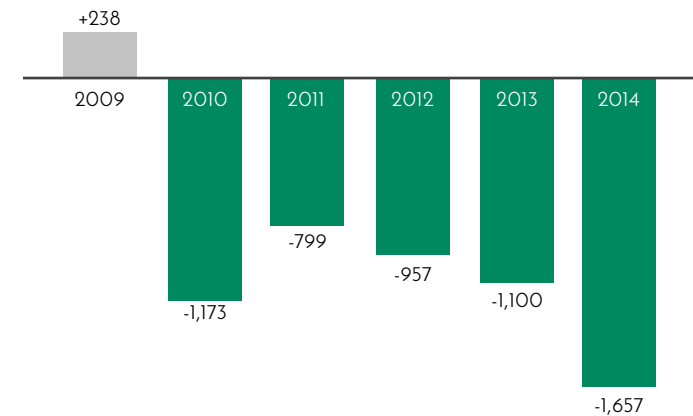
Most banking transactions completed by this user are done digitally.

TREND
20-35%

¹Source: Merkle © January 2016 The Financial Brand

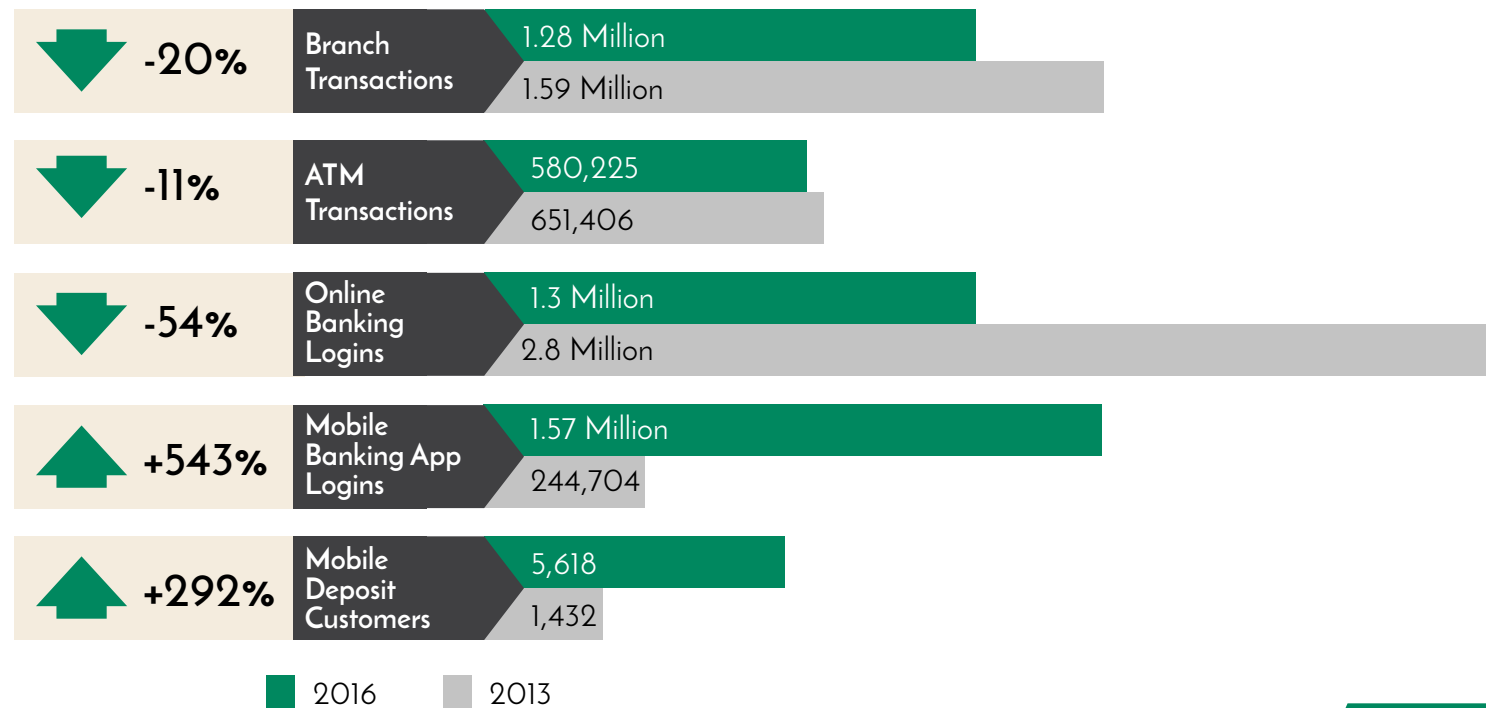
Net Change in Number of Bank Branches in the US²

Evidence of the shift to digital mediums can be seen by the trend in the number of branch locations in recent years (see graph below).



Trends in C&N's Customer Delivery Channels

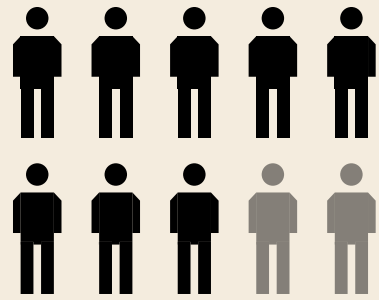
As we plan for how banking products and services will be delivered in the future - both worldwide and in our market areas - technology and people are two vital components. Specifically, regarding technology, we have historically been early adopters in our market and look to continue that position with patience and intention into the future.



²Source: FDIC © March 2016 The Financial Brand

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80%

of C&N team members have completed enhanced customer service training

Developing our current teams and recruiting quality new employees will continue as a key priority. Because transactions are increasingly conducted via online and mobile channels, the traditional teller line and its activity is transforming. Branch employees must be more tech savvy, have above average interpersonal skills and strong multi-tasking and problem solving abilities.

As stated by our Mission, we strive to **"Create Value through Lifelong Relationships."** Crafting the optimal formula of brick & mortar, plus technological effectiveness, all reinforced by well-trained, skilled employees will help ensure that C&N achieves our desired financial targets and delivers a customer experience in which customers find value.



New in 2017

March



Sayre Branch Remodel

In early 2017, we completed remodeling our Sayre branch to better serve our Bradford County customers. In addition to updating the layout of the lobby, a new tech desk ensures all customers have access to complete online and mobile banking activities.

April



Business Banking Upgrade

In April, our online banking system was upgraded to provide our business customers the ability to originate same-day ACH credits.

May



E-Notices

13 different notices were made available for electronic delivery, saving our customers time, paper and space.

June



Smartphone Pay

To continue to offer our customers the latest in banking convenience and technology, C&N completed the process of enabling our debit cards to be compatible with Android, Apple and Samsung mobile payment apps.

Business Financing Center

To meet the needs of our business clients, we implemented an online system to quickly and easily submit loan requests on their schedule, anytime, anywhere.

July



August



Online CDs

In August, we also made our CDs available electronically. Customers are now able to open a fixed-rate CD any time with just a few clicks!

Ju\$t for Kid\$ Relaunch

To better serve our youngest clients, we modernized our youth savings club to be more interactive and to have an increased focus on financial education and fun.

September



October



Phone/Data Conversion

A new phone and data system was installed to provide our team members with the necessary tools to deliver great customer service every day.

Non-Profit Package

A specialized product offering was introduced to meet the unique needs of local non-profit organizations that are so important to our communities.

November



December



Overdraft Privilege Program

At the end of 2017, an update to our Overdraft Privilege program provides customers with yet another tool to put their money to work for them.

Our Mission, Vision & Values

MISSION:

Creating value through lifelong relationships with our customers, our teammates, our shareholders and our communities as their resource for customized financial solutions, expertise and partnership.

VISION:

Every customer says
"C&N is the **ONLY** bank I need."

VALUES:

Teamwork

Together we are stronger.

Respect

Value one another.

Responsibility & Accountability

Work like you own it.

Excellence

Do your best. Every day. Every time.

Integrity

Do the right thing when no one is looking.

Client-Focus

Consider your customer in everything you do.

Have Fun

Work hard! Play hard! WIN!



A Message from Our President & CEO J. BRADLEY SCOVILL

C&N's focus during the past three years has been on driving our Mission of "Creating Value through Lifelong Relationships," strengthening our values based culture, and aligning our business model to deliver long-term value to our shareholders, customers, employees, and community. In support of these priorities, we have made significant investments in developing our Team and technology as we seek to grow relationships, revenue and earnings today, while positioning C&N to compete successfully tomorrow and into the future. Producing a consistent long-term return on investment to our shareholders while delivering products, service, and counsel that create value for our customers remains our ongoing journey.

At the conclusion of our 2016 Annual Highlights Report, we observed the potential for an improving business and banking environment that could result from policy initiatives advanced by the new Trump administration. 2017 was, in fact, an interesting year as the political discourse and news cycle were intense and unpredictable, and the Federal Reserve remained active throughout the year. International events were a significant part of our national dialogue, as were a number of domestic issues, some of which have a direct impact on the banking industry, including community banks like C&N.

Economic activity gained strength as the year progressed, both domestically and internationally. GDP growth in the United States was greater than 2% and both the European and Japanese economies grew after extended periods of stagnation or decline, creating opportunities for domestic companies including many in our market area. There was a notable increase in energy related activity in our region during 2017, which has continued into early 2018. Optimism about the future was reflected in rising equity markets, particularly here in the U.S., where the major indices increased by more than 30% in 2017. The passage of tax reform legislation in December provided support to the stock market as corporate and small business earnings should be enhanced over time by lower tax rates.

The Federal Reserve raised its target fed funds rate three times during the year to 1.25% - 1.50% reinforcing the change in monetary policy that began in late 2015. These actions indicate the Fed's view of ongoing strength in the economy and concern for future inflation. The result has been flattening of the yield curve as longer-term rates have not moved in concert with the short end of the curve. As we have previously observed, a steeper yield curve would benefit our net interest margin, while the current flattening makes margin expansion more challenging. To date, increasing rates have not had a negative impact on economic activity, although after nearly a decade of the lowest rates in modern history, it is hard to judge the level at which economic expansion and lending activity will be affected.

A final observation on the policy-making environment relates to banking regulation. Congress and the administration are considering legislation that would pause, and potentially roll back, some of the increasing cost and burden of post financial crisis rule making. The industry is working closely with lawmakers to address areas of recent overreach, while sustaining appropriate regulation and oversight. A number of current proposals would provide some relief to community banks over time. The results would be to reduce future compliance related expenses and to simplify and streamline the customer experience.



"We have been making substantial investments in technology to address current customer needs and to position C&N for tomorrow and into the future."

Pictured left: Tech Desk in our newly remodeled Sayre Branch

More broadly, advancing technology continues to be a major theme for business in general and for the banking industry. Commercial and retail customer preferences for accessing financial services have been changing dramatically while their fundamental desire to receive value from their banking relationships remains. We have been making substantial investments in technology to address current customer needs and to position C&N for tomorrow and into the future. These efforts include expanding our resources dedicated to cyber security to protect our customers' confidential information and privacy.



As you review C&N's 2017 performance you will note that we are gaining traction from recent investments in our business model. Revenue growth accelerated as both net interest income and noninterest income increased at a faster pace than in 2016. These results highlight continued loan growth, an improving balance sheet mix, a substantial increase in trust related income, and the impact of expanding customer relationships. We expect these trends to continue, supported by efforts to increase market share in the Lycoming County (PA) and Steuben County (NY) markets, and early success in our Elmira, NY (Chemung County) lending office. The increase in noninterest expense reflects our ongoing investment in people and technology to strengthen our capacity for future growth and expansion, as well as unusually large increases in collection related expenses and health care claims. 2017 results were also impacted by a \$901,000 pre-tax reduction in securities gains as compared to 2016 (or \$.05 per share after tax).

Net income totaled \$13.4 million during 2017 or \$2.3 million less than 2016. 2017 earnings were reduced \$2.2 million, or \$.18 per share, for a tax charge resulting from reduction in the marginal corporate income tax rate included in the tax reform legislation enacted in December. Net income per share was \$1.10 as compared to \$1.30 in 2016. Return on average assets for the year was 1.08%, and return on average equity was 7.11%.

As mentioned, C&N's earnings were impacted by the recent reduction in the marginal federal corporate income tax rate to 21%, effective January 1, 2018, from the 35% tax rate in effect throughout 2017 and 2016. Excluding the impact of the additional income tax expense, net income for 2017 totaled \$15.6 million or \$169,000 less than 2016, and net income per share was \$1.28. Return on average assets was 1.25% and return on average equity was 8.25%, including the same adjustment. Management expects C&N's income tax provision (expense) will be significantly lower in 2018 and on an ongoing basis as a result of the lower tax rate.

Net interest income reached \$41.9 million, an increase of \$1.5 million, or 3.8%, from \$40.4 million in 2016. Growth in average loans outstanding of \$57.6 million compared to 2016 is the primary driver of this increase. Average total deposits experienced solid year over year growth of \$20.2 million, or 2.1%, including strong growth in demand deposits, and, in combination with reductions in higher cost borrowings, continued the improvement in our funding mix. The yield on earning assets was 4.16% during the 2017 compared to 4.08% in 2016 while the overall cost of funds increased by .03%, to .48%, during the year. As a result, the net interest margin increased .06%, to 3.82% in 2017 from 3.76% a year earlier.

C&N's overall credit quality remains strong and consistent as displayed by our past due and non-performing loan metrics at December 31, 2017 compared to a year earlier. The provision was \$801,000 during 2017 compared to \$1.221 million in 2016, reflecting reductions in reserves related to net charge-off experience and qualitative factors used in calculating the allowance for loan losses. Management maintains a robust process to determine the adequacy of the allowance that incorporates these and other factors.

Noninterest income, including fees, service charges, and other revenues, totaled \$16.2 million in 2017, an increase of \$642,000 (4.1%) as compared to 2016. Trust and financial management revenues, interchange fees on debit

card transactions, and mortgage loan servicing fees increased, while gains on sale of mortgage loans decreased due to lower volumes and service charges on deposit accounts declined, continuing a multi-year trend. Generating noninterest income is one of C&N's strengths, is consistent with our relationship driven mission, and provides diversity to our revenue streams. Trust and investment related services, mortgage lending, and payment/interchange revenues remain ongoing priorities for future revenue growth.

Noninterest expenses increased \$2.2 million (6.4%) in 2017 compared to 2016 driven by employee related expenses. Salaries and wages were \$395,000 (2.6%) higher due to increased staffing levels compared to a year earlier, while pensions and other employee benefits costs increased \$657,000 resulting primarily from higher health care claims. In addition, ATM and interchange expenses, software subscriptions, collection, other real estate, legal, and internal audit outsourcing expenses contributed to the increase. Investments in technology and staff development will continue in 2018, although at a somewhat slower pace, as we complete a number of projects and work to deliver value to customers and improve productivity.

“Our investments in products, technology, and data management investments continue to mature and are scalable to support future growth and expansion.”

C&N's capital position remains very strong and stable by all measures, including book value and regulatory capital ratios. This strength provides the Company with the ability to pursue growth and expansion, absorb one time charges such as the charge required due to the recent change in tax law, while continuing to support shareholder value. Dividends paid on common stock totaled \$12.6 million or \$1.04 per share in 2017, producing a yield of 4.33% based on the December 31, 2017 market price of \$24.00. On January 18, 2018, the Board of Directors took action to increase the quarterly dividend by 3.8% to \$.27 per share, or an annualized rate of \$1.08 per share. The Board announced a common stock repurchase program for the acquisition of up to 600,000 shares in April 2016, although there have been no repurchases of stock under this program to date. As we continue to seek opportunities to leverage our capital base through profitable growth and expansion, we will thoughtfully consider distributions of excess capital to support shareholder value.

During 2017, Director Ann Tyler retired after fifteen years as a member of the C&N Board. We thank Ann for her advice and counsel, and wish her the best in her future endeavors. As Ann retired, we welcomed Aaron Singer to the Board. Aaron is the third new member of our Board in the past two years and brings with him family-owned business experience, regional knowledge and community involvement, and energy. We look forward to his insight and perspective as he contributes to C&N's future success.

As we look to 2018 and beyond, C&N will remain focused on continuously developing our Team and our values-based culture. Our investments in products, technology, and data management continue to mature and are scalable to support future growth and expansion. Although the pace of external events remains frenetic, current economic conditions, public policy, and regulatory relief all support our optimism regarding the future. Ultimately, our ability to create long term value will be determined by the persistent engagement of our 300 team members to make our C&N a great place to work and do business. I am confident in their ability to be successful and thank them for their ongoing commitment to this mission.

Finally, thank you to all of our shareholders for your confidence and continued support.



C&N's Corporate Profile

Citizens & Northern Corporation is a bank holding company with assets of approximately \$1.3 billion and is headquartered in Wellsboro, PA. Banking services are provided by its subsidiary, Citizens & Northern Bank, from 26 banking offices in Bradford, Cameron, Lycoming, McKean, Potter, Sullivan and Tioga Counties in Pennsylvania and Steuben County in New York. Commercial, residential and consumer lending services are now being offered in Elmira, NY through our loan production office. Investment products are offered through C&N Investment Services and insurance products are offered by C&N Financial Services Corp. Trust services are offered by Citizens & Northern Bank through the C&N Trust and Financial Management Group. Citizens & Northern stock trades on the NASDAQ Capital Market Securities under the symbol CZNC.

2017 Executive Team

- Shelley L. D'Haene**
EVP and Senior Operations Officer
- Stan Dunsmore**
EVP and Chief Credit Officer
- Harold F. Hoose, III**
EVP and Director of Lending
- Mark A. Hughes**
EVP and Director Financial Division
- John M. Reber**
EVP and Director of Risk Management
- Thomas L. Rudy, Jr.**
EVP and Director of Branch Delivery
- Deborah E. Scott**
EVP and Trust Division Director
- J. Bradley Scovill**
President & CEO

2017 Corporate Officers

- J. Bradley Scovill** President & CEO
Mark A. Hughes Treasurer
Kimberly N. Battin Corporate Secretary

2017 Board of Directors

Citizens & Northern Corporation and Citizens & Northern Bank

- | | |
|---------------------------------|---|
| Leo F. Lambert, Chairman | President/GM, Fitzpatrick & Lambert, Inc. |
| Dennis F. Beardslee | Owner, Terrace Lanes Bowling Center |
| Jan E. Fisher | Executive Vice President/COO UPMC Susquehanna, Williamsport |
| R. Bruce Haner | Retired Auto Buyer for New Car Dealers |
| Susan E. Hartley | Attorney at Law |
| Terry L. Lehman, CPA | Retired Certified Public Accountant |
| Edward H. Owlett, III | President & CEO, Putnam Company |
| Frank G. Pellegrino | Owner & Developer, Carlton Associates, LLC |
| J. Bradley Scovill | President & CEO, Citizens & Northern |
| Leonard Simpson | Attorney at Law and Sullivan County District Attorney |
| James E. Towner | Retired General Manager, The Scranton Times |
| Aaron K. Singer | President & CEO, Metalkraft Industries, Inc. |

2017 Advisory Boards

We thank our Advisory Board members who give us valuable insight into the communities we serve.

Cameron, McKean & Potter Counties

- | | | | |
|-------------------|------------------------|------------------|------------------------|
| John A. Abplanalp | David Mark Errick | Peter J. Fragale | Patrice D. Levavasseur |
| Edwin M. Schott | Edwin W. Tompkins, III | | |

Bradford and Sullivan Counties

- | | | | |
|-------------------|---------------------------|----------------------------|--------------------------|
| James A. Bowen | Evan R. Barnes | Warren J. Croft | Max P. Gannon, Jr. |
| Ronald A. Gutosky | J. Wesley Kocsis | Dr. Stephen D. Laudermilch | Kimberly J. Mastrantonio |
| Jeffrey B. Paul | Taunya Knolles Rosenbloom | Damian M. Rossettie | William B. Saxe |
| Eric Schoonover | Mark W. Smith | L. Joseph Tomasso, Jr. | Andrew R. Wilcox |
| Heidi B. Wiles | | | |

Tioga County

- | | | | |
|---------------------|-------------------|----------------------|--------------------|
| Donald R. Abplanalp | Brian A. Bicksler | Lawrence J. Connolly | Stephen L. Davis |
| Craig Eccher | Mark R. Howe | John C. Kenyon | Leisa L. LaVancher |
| Scott E. Lewis | Anthony L. Mosso | David C. Murdock | Mary C. Owlett |
| Ronald W. Roan | William W. Roosa | James H. Route, Jr. | Ray E. Wheeland |

Lycoming County

- | | | | |
|-------------------|----------------------|------------------|-------------------|
| Thomas F. Charles | John M. Confer | Roger D. Jarrett | Daniel K. Mathers |
| David A. Schall | Jeffrey M. Patterson | John F. Perrotto | |

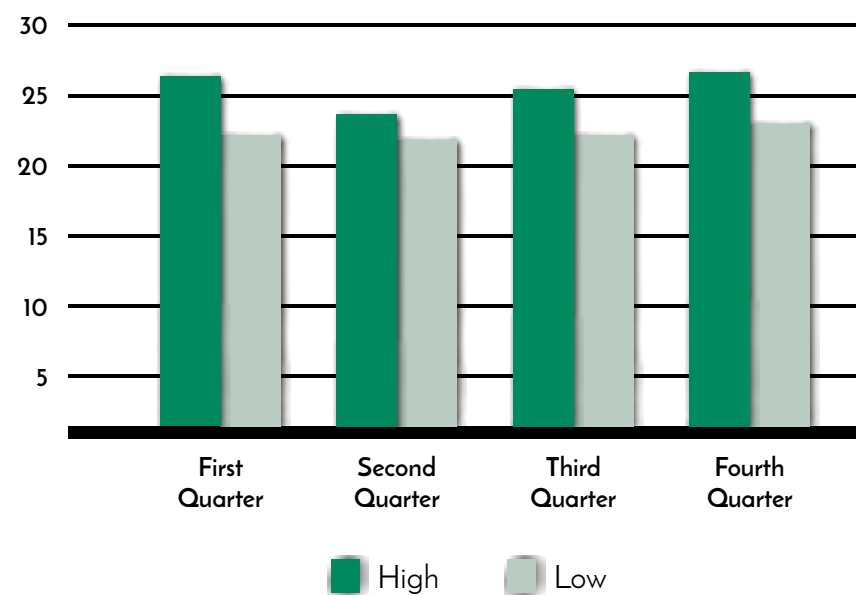


C&N's Stock Profile

Quarterly Share Data

Trades of the Corporation's stock are executed through various brokers who maintain a market in the Corporation's stock. The Corporation's stock is listed on NASDAQ Capital Market Securities with the trading symbol CZNC. The following tables show the approximate high and low sales price of the common stock during 2016 and 2017.

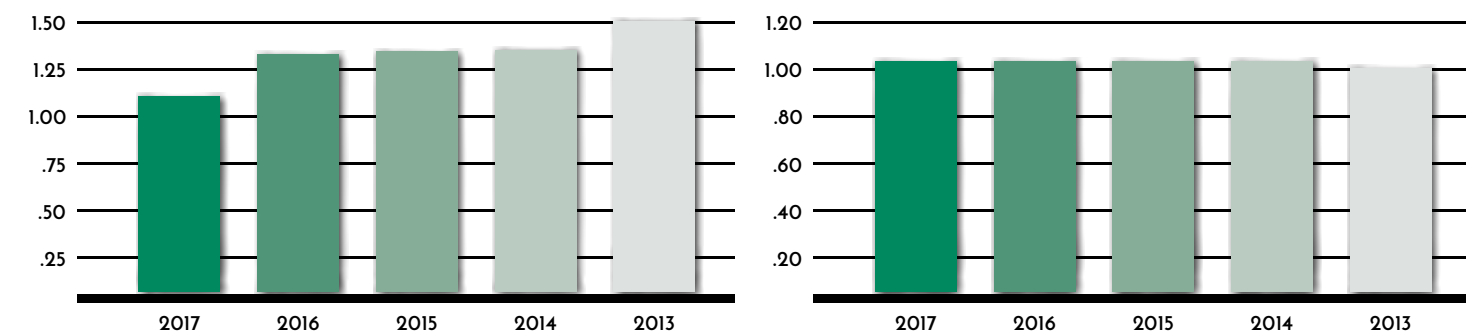
Quarterly Share Data (2017)



2016	High	Low	Cash Dividends Declared
First quarter	\$20.99	\$19.26	\$0.26
Second quarter	\$21.00	\$19.40	\$0.26
Third quarter	\$22.67	\$20.00	\$0.26
Fourth quarter	\$26.57	\$20.54	\$0.26

2017	High	Low	Cash Dividends Declared
First quarter	\$26.50	\$22.31	\$0.26
Second quarter	\$24.40	\$22.00	\$0.26
Third quarter	\$25.42	\$22.01	\$0.26
Fourth quarter	\$26.75	\$23.02	\$0.26

Five-Year Summary of Operations Comparison



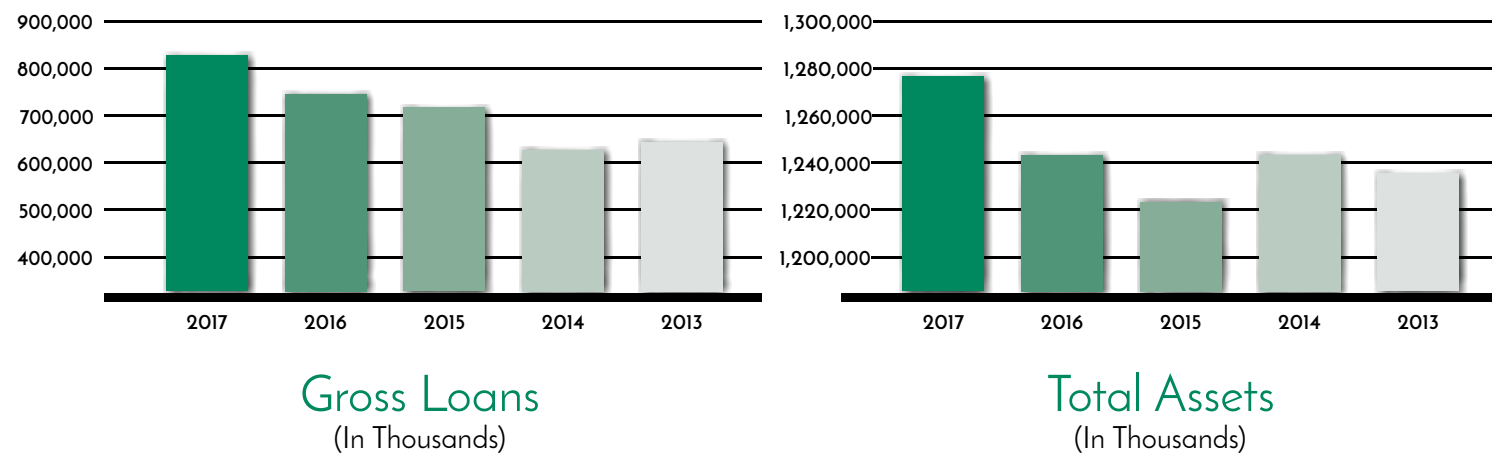
Diluted Earnings Per Share
(In Thousands)

Cash Dividends Declared
Per Share

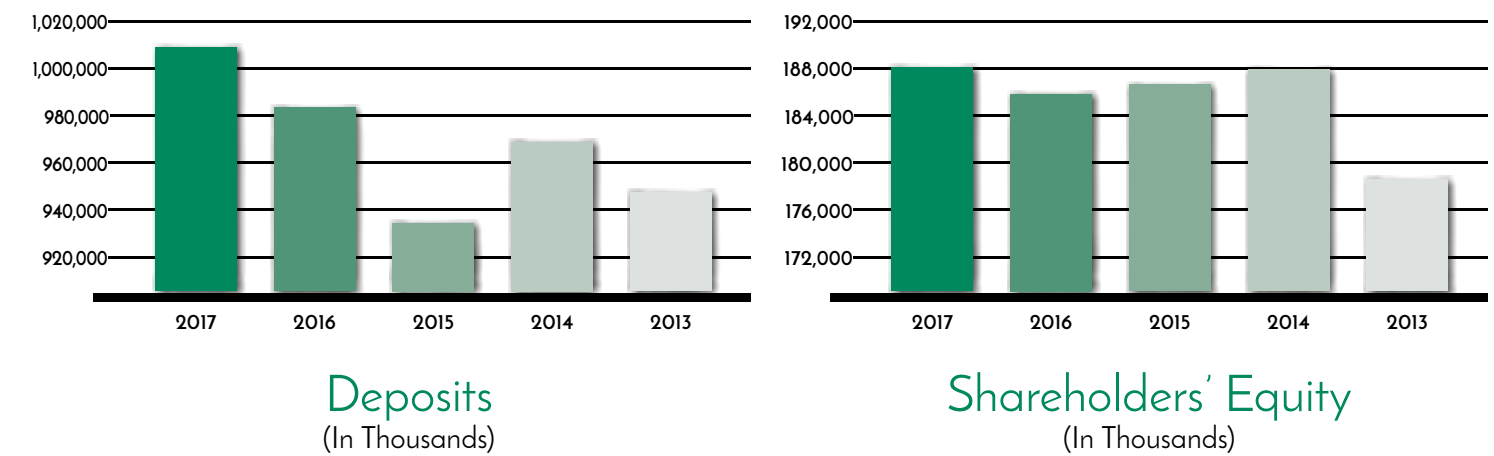
INCOME STATEMENT (In Thousands)	2017	2016	2015	2014	2013
Interest and fee income	\$45,863	\$44,098	\$44,519	\$46,009	\$48,914
Interest expense	3,915	3,693	4,602	5,122	5,765
Net interest income	41,948	40,405	39,917	40,887	43,149
Provision for loan losses	801	1,221	845	476	2,047
Net interest income after provision for loan losses	41,147	39,184	39,072	40,411	41,102
Noninterest income excluding securities gains	16,153	15,511	15,478	15,420	16,451
Realized gains on available-for-sale securities, net	257	1,158	2,861	1,104	1,718
Loss on prepayment of debt	0	0	2,573	0	1,023
Noninterest expense excluding loss on prepayment of debt	36,967	34,744	33,030	34,157	33,471
Income before income tax provision	20,590	21,109	21,808	22,778	24,777
Income tax provision	7,156	5,347	5,337	5,692	6,183
Net income	\$13,434	\$15,762	\$16,471	\$17,086	\$18,594
Net income attributable to common shares	\$13,365	\$15,677	\$16,387	\$17,009	\$18,490

PER COMMON SHARE DATA	2017	2016	2015	2014	2013
Basic earnings per share	\$1.10	\$1.30	\$1.35	\$1.38	\$1.51
Diluted earnings per share	\$1.10	\$1.30	\$1.35	\$1.38	\$1.50
Cash dividends declared per share	\$1.04	\$1.04	\$1.04	\$1.04	\$1.00
Book value per common share at period-end	\$15.43	\$15.36	\$15.39	\$15.34	\$14.49
Tangible book value at period-end	\$14.45	\$14.37	\$14.41	\$14.36	\$13.51
Weighted average common shares outstanding - basic	12,115,840	12,032,820	12,149,252	12,333,933	12,283,426
Weighted average common shares outstanding - diluted	12,155,136	12,063,055	12,171,084	12,355,916	12,313,833

End of Period Balances



End of Period Balances



END OF PERIOD BALANCES (In Thousands)

	2017	2016	2015	2014	2013
Available-for-sale securities	\$356,908	\$395,077	\$420,290	\$516,807	\$482,658
Gross loans	815,713	751,835	704,880	630,545	644,303
Allowance for loan losses	8,856	8,473	7,889	7,336	8,663
Total assets	1,276,959	1,242,292	1,223,417	1,241,963	1,237,695
Deposits	1,008,449	983,843	935,615	967,989	954,516
Borrowings	70,955	64,629	92,263	78,597	96,723
Stockholders' equity	188,443	186,008	187,487	188,362	179,472
Common shares outstanding	12,214,525	12,113,228	12,180,623	12,279,980	12,390,063

AVERAGE BALANCES (In Thousands)

	2017	2016	2015	2014	2013
Total assets	1,247,759	\$1,229,866	\$1,243,209	\$1,239,897	\$1,237,096
Earning assets	1,169,569	1,147,549	1,159,298	1,155,401	1,145,340
Gross loans	780,640	723,076	657,727	627,753	656,495
Deposits	990,917	970,447	968,201	965,418	964,031
Stockholders' equity	188,958	188,373	188,905	185,469	181,412

KEY RATIOS

	2017	2016	2015	2014	2013
Return on average assets	1.08%	1.28%	1.32%	1.38%	1.50%
Return on average equity	7.11%	8.37%	8.72%	9.21%	10.25%
Average equity to average assets	15.14%	15.32%	15.19%	14.96%	14.66%
Net interest margin (1)	3.82%	3.76%	3.69%	3.80%	4.05%
Efficiency (2)	60.74%	59.22%	56.66%	57.59%	53.27%
Cash dividends as a % of diluted earnings per share	94.55%	80.00%	77.04%	75.36%	66.67%
Tier 1 leverage	14.23%	14.27%	14.31%	13.89%	13.78%
Tier 1 risk-based capital	21.95%	22.48%	23.29%	26.26%	25.15%
Total risk-based capital	23.07%	23.60%	24.40%	27.60%	26.60%
Tangible common equity/tangible assets	13.95%	14.15%	14.49%	14.34%	13.66%
Nonperforming assets/total assets	1.47%	1.43%	1.31%	1.34%	1.53%
Nonperforming loans/total loans	2.10%	2.07%	2.09%	2.45%	2.80%
Allowance for loan losses/total loans	1.09%	1.13%	1.12%	1.16%	1.34%
Net charge-offs/average loans	0.05%	0.09%	0.04%	0.29%	0.04%

(1) Rates of return on tax-exempt securities and loans are calculated on a fully-taxable equivalent basis.

(2) The efficiency ratio is calculated by dividing: (a) total non-interest expense excluding losses from prepayment of debt, by (b) the sum of net interest income (including income from tax-exempt securities and loans on a fully-taxable equivalent basis) and non-interest income excluding securities gains or losses.

Quarterly Financial Data

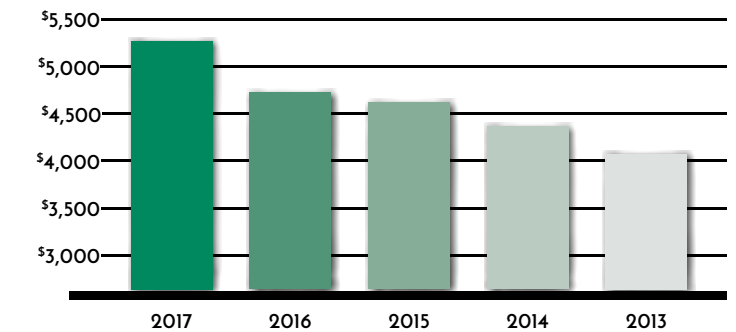
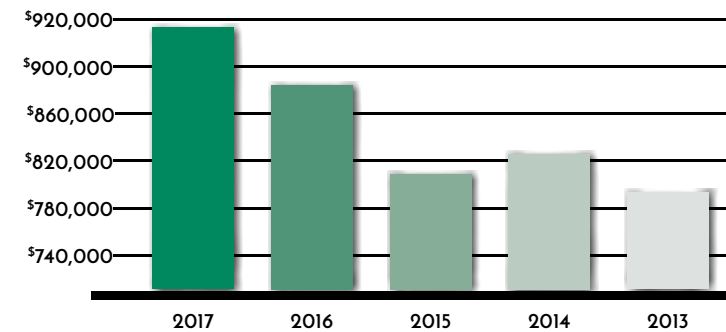
The following table presents summarized financial data for 2016 & 2017.

SUMMARY OF QUARTERLY CONSOLIDATED FINANCIAL DATA (In Thousands Except Per Share Data) (Unaudited)

	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017
Interest income	\$11,112	\$11,340	\$11,626	\$11,785
Interest expense	953	978	985	999
Net interest income	10,159	10,362	10,641	10,786
Provision for loan losses	452	4	322	23
Net interest income after provision for loan losses	9,707	10,358	10,319	10,763
Other income	3,864	4,106	4,066	4,117
Net gains on available-for-sale securities	145	107	5	0
Other expenses	9,298	9,076	9,192	9,401
Income before income tax provision	4,418	5,495	5,198	5,479
Income tax provision	984	1,374	1,262	3,536
Net income	\$3,434	\$4,121	\$3,936	\$1,943
Net income attributable to common shares	\$3,416	\$4,100	\$3,916	\$1,933
Net income per share - basic	\$0.28	\$0.34	\$0.32	\$0.16
Net income per share - diluted	\$0.28	\$0.34	\$0.32	\$0.16

SUMMARY OF QUARTERLY CONSOLIDATED FINANCIAL DATA (In Thousands Except Per Share Data) (Unaudited)

	Mar. 31, 2016	June 30, 2016	Sept. 30, 2016	Dec. 31, 2016
Interest income	\$10,937	\$10,924	\$11,131	\$11,106
Interest expense	904	925	944	920
Net interest income	10,033	9,999	10,187	10,186
Provision (credit) for loan losses	368	318	538	(3)
Net interest income after provision (credit) for loan losses	9,665	9,681	9,649	10,189
Other income	3,690	3,906	3,884	4,031
Net gains on available-for-sale securities	383	122	584	69
Other expenses	9,072	8,535	8,579	8,558
Income before income tax provision	4,666	5,174	5,538	5,731
Income tax provision	1,093	1,303	1,451	1,500
Net income	\$3,573	\$3,871	\$4,087	\$4,231
Net income attributable to common shares	\$3,553	\$3,850	\$4,065	\$4,209
Net income per share - basic	\$0.29	\$0.32	\$0.34	\$0.35
Net income per share - diluted	\$0.29	\$0.32	\$0.34	\$0.35



Assets

Revenue

Trust and Financial Management (In Thousands)

	2017	2016	2015	2014	2013
Assets	\$916,580	\$879,844	\$814,788	\$825,918	\$796,115
Revenue	\$5,399	\$4,760	\$4,626	\$4,490	\$4,087

INVESTMENTS (In Thousands)

	2017	2016	2015
Mutual Funds	\$536,731	\$507,473	\$458,942
Stocks	194,099	179,345	167,098
Bonds	104,184	100,249	88,471
Savings and money market funds	69,659	80,860	90,038
Miscellaneous	6,069	6,864	7,216
Real Estate	5,681	4,876	2,827
Mortgages	157	177	196
Total	\$916,580	\$879,844	\$814,788

ACCOUNTS (In Thousands)

	2017	2016	2015
Pension/profit sharing	\$374,499	\$369,916	\$339,953
Investment management	256,348	223,737	211,645
Trusts	185,300	177,860	166,433
Custody	93,598	98,844	92,451
Estates	4,397	7,367	1,874
Guardianships	2,438	2,120	2,432
Total	\$916,580	\$879,844	\$814,788

Some products are not FDIC insured or guaranteed, not a deposit or other obligation of the bank, not guaranteed by the bank and are subject to investment risk, including possible loss of the principal amount invested and are not insured by any other federal government agency.



Giving Back, Giving Together

Since 2015, C&N team members have been the driving force behind the success of this program.

\$ Monetary Donations
\$176,294

Q Item Donations
14,364

C Volunteer Outings
380

Since its inception in 2015, our **Giving Back, Giving Together** community fundraising campaign has exceeded our greatest expectations. For 2017, we raised the bar by setting a goal of \$60,000 knowing the amount of work and commitment it would take to reach it. We are proud and humbled to announce that we surpassed our goal once again, raising over \$72,000 for underprivileged children in our area! On top of the monetary donations, we also collected 7,781 food, clothing and hygiene items, and our team members donated their personal time by volunteering on 116 occasions.

We began our 2017 annual GBGT campaign, as always, by asking employees to nominate causes that would make a meaningful impact in our communities. The entire bank then voted for the cause they considered the most deserving. After voting to help local children who may not receive the care or attention they deserve, local C&N teams reached out to organizations in the area that work to enrich the lives of children in need. Each team organized fundraisers and volunteer outings and collected donations for the cause. Fundraisers were primarily done during the event weeks at the end of each quarter. The success of GBGT is a direct reflection of the character of our employees and their commitment to their communities.

Some of our most successful fundraisers and awareness campaigns to date came in 2017. For Child Abuse Prevention Month in April, the Tioga County Human Services Agency held an event on the Green in Wellsboro where C&N sponsored a bouncy house for the children and several employees volunteered their time to help raise awareness. In June, we held our C&N Charity Classic which raised over \$20,000 for Giving Back, Giving Together. In November, we conducted a Facebook contest called "Thank a Local Volunteer Child Advocate." David Gray, founder of St. Ann's Academy in Hornell, NY, was the very deserving winner. 2017 was also the year we launched #GBGTImpactStories on social media. These short video clips feature members of the community as they share their personal stories about the importance of Giving Back, Giving Together in their communities. Look for more of these in the future!

For 2018, C&N employees voted to take on another worthy cause that will make a positive and lasting impact in the community: Literacy & Education through Public Libraries. This year, C&N will raise funds and awareness for 23 local libraries to help them provide services for those who rely on them. Public libraries strengthen our communities by providing unique opportunities for children and adults alike to learn, network, connect with one another and access resources that may not be available otherwise. According to a 2015 Pew Research Center survey, almost two-thirds of adult Americans say that closing their local library would have a major impact on their community. The same study found that over 90 percent of adults think of public libraries as "welcoming and friendly places." In many communities, librarians are also ad hoc social workers and navigators who help local people figure out the complexities of life, from navigating the health system to helping those with housing needs. This "go-to" role has influenced library programming and events, with libraries providing advice and connections to health, housing, literacy, and other areas. Expect to see our team members out in the community again this year conducting fundraisers, book drives, volunteer readings, and much, much more.



Our C&N team members volunteering at the Central Pennsylvania Food Bank.



Our team members in East Smithfield held a bake sale to support their fire and ambulance teams.



C&N Team members helped run a bounce house during an event to raise awareness about Child Abuse.



Linn Macensky & Sammy Saver sold hot dogs one afternoon in Wellsboro, PA to raise money for kids in need.



Employee Achievements

Citizens & Northern appreciates the commitment our employees make every day to create value for our customers, which is one reason why we build a culture that supports our team members and celebrates their achievements.

IMPACT Players

The IMPACT Players award recognizes six employees based not only performance but commitment. The recipients of this award not only made measurable progress, but uphold our C&N values in their interactions at every opportunity.

Spring Recipients

Julie Lane, Security Officer/BSA Administrator
Patty Groover, AVP/Client Contact Center Team Leader
Sue Evans, Credit Analyst
Chrissi Copp, VP/Treasury Management Coordinator
Jennifer Schultz, AVP/Trust Officer
Linn Macensky, Wellsboro Community Office Manager

Fall Recipients

Jay Over, Trust Investment Officer
Ellen Conboy, Troy Customer Service Representative
Brandy Allen, AVP/Deposit Operations Coordinator
Mike Wetzel, VP/Senior Commercial Loan Officer
Kori Casselbury, Mortgage Underwriter Team Leader
Travis Marzo, Network Engineer Team Leader

TOP Award Winners

The TOP Award is presented semi-annually to celebrate the employee leading their area for the previous 6 months.

TOP Commercial Lender, based on Loan Growth
 TOP Mortgage Lender, based on Loan Growth
 TOP Insurance/Brokerage Employee, based on New Business
 TOP Trust Employee, based on New Business
 TOP Branch Lender, based on Loan Growth
 TOP Cross Sale/New Account Ratio

Spring Recipient

Bruce Smithgall
Kelly Fasse
Matt Landis
Sam Lush
Jill Pino
Elizabeth Loman

Fall Recipient

Bruce Smithgall
Kelly Fasse
Matt Landis
Ben Howe
Ginger Reap
Lisa Milne

Spotlight Award Winners

The Spotlight Award recognizes a Customer Transaction Specialist and a Support employee that go above and beyond to ensure that C&N is the only bank their customers need.

First Quarter Recipients

Terry Turner, Customer Transaction Specialist & **Kathleen Evert**, Deposit Operations Team Leader

Second Quarter Recipients

Tammy Pennycoff, Customer Transaction Specialist & **Janette Frey**, Client Contact Specialist

Third Quarter Recipients

Anne-Marie Muldoon-Bastian, Customer Transaction Specialist & **Adam Heitzenrater**, Marketing Associate

2017 Service Awards

In 2017, 29 employees were recognized with a total of 410 years of service to the company. C&N is proud and appreciative of their dedication to the organization.

40 Years of Service

Virginia Reap, Community Office Manager, Athens

30 Years of Service

Justin Krellner, Trust Officer, Coudersport
Patricia Sullivan, Customer Service Representative, Laporte
Debra Topf, Loan Servicing File Maintenance, Wellsboro

20 Years of Service

Karen Bobb, Customer Service Representative, Laporte
Hal Hoose, EVP/Director of Lending, Wellsboro

15 Years of Service

Gabrielle Conway, Retail Resource Recovery Specialist, Muncy
Melissa Dunn, Loan Support Specialist, Coudersport
Linda Gordner, Mortgage Loan Sales Officer, Muncy
Karen Hooks, Customer Transaction Specialist, Towanda
Jodi Lovett, Trust Support Specialist, Wellsboro
Charity Shaefer, Customer Service Representative, Tioga
Jessica Sweet, Trust Support Specialist, Wellsboro

10 Years of Service

Toni Bolt, Customer Transaction Specialist, Mansfield
Mary D'Ottavio, Customer Transaction Specialist, Dushore
Janice Graybill, Customer Service Representative, South Williamsport
Billie Hilfiger, Trust Administrator, Coudersport
Matthew Landis, Regional Financial Services Manager, Wellsboro
Julie Lane, Security Officer/BSA Administrator, Wellsboro

5 Years of Service

Cindy Bellows, Customer Service Representative, Sayre
James Dowling, PC Technician, Wellsboro
Adam Heitzenrater, Marketing Associate, Wellsboro
Benjamin Howe, Regional Manager Financial Services, Coudersport
Adam Mertes, Commercial Resource Recovery Officer, Wellsboro
Linda Morse, Deposit Operations Specialist, Wellsboro
Anthony Peluso, Controller, Wellsboro
Michelle Rae, Mortgage Loan Sales Officer, Towanda
Luke Slubowski, Network Administrator, Wellsboro



April Recipients, from Left, Lori Blascak, Julie Lane, Brad Scovill, Mary D'Ottavio, Tony Peluso, Jodi Lovett, Adam Heitzenrater, Janice Graybill, & Michelle Rae



May Recipients, from Left, Linda Gordner, Brad Scovill, Melissa Dunn, Karen Hooks, Ben Howe, Billie Hilfiger, & Justin Krellner



August Recipients, from Left, Linda Morse, Hal Hoose, Cindy Bellows, Brad Scovill, Karen Bobb & Adam Mertes



November Recipients, from Left, Brad Scovill, Charity Shaefer, Luke Slubowski, Toni Bolt, James Dowling, Virginia Reap & Jessica Sweet

In Memory of
Teri Mitchell



In July 2017, one of C&N's long-time team members passed unexpectedly.

Teri Mitchell was with C&N for 37 years in a variety of roles. She started her career as a Bookkeeper, then worked as a teller in Wellsboro, and eventually moved to the Wire Transfer Department.

As the technology and departments changed over the years, Teri remained in what became the Funds Management Department and later became the Funds Management Supervisor. In recent years, Teri worked in the Accounting Department and held the position of Treasury & Reconciliation Accountant.

Teri continued her education by attending several conferences throughout her years with C&N including The Conference for Women and many technical conferences relating to her field of expertise.

In celebration of her life and memory, her friends and co-workers donated to start the Teresa (Teri) L. Mitchell Memorial Scholarship providing Citizens & Northern employees the opportunity to attend The PA Bankers Association Women in Banking conference.



Patty Sullivan, Georgia Cary and Laura Losinger were recognized during their last corporate event before retiring.

2017 Retirements

33 Years of Service

Carla Packard, Loan Processor-Escrow Specialist, Troy

30 Years of Service

Patricia Sullivan, Customer Service Representative, Laporte

23 Years of Service

Linda Koepfel, Customer Service Representative, Wellsboro

20 Years of Service

Karen Bobb, Customer Service Representative, Laporte

19 Years of Service

Georgia Cary, Customer Service Representative, Coudersport

16 Years of Service

Roberta Dieffenbach, Customer Transaction Specialist, Wellsboro

15 Years of Service

Karen Hooks, Customer Transaction Specialist, Towanda

12 Years of Service

Anna Phelps, Customer Service Representative, Liberty

8 Years of Service

James Bockus, Courier/Maintenance, Wellsboro

Connect With Us



Branch Locations

Athens ----- 428 S. Main Street
 Canisteo ----- 3 Main Street
 Coudersport ----- 10 N. Main Street
 Dushore ----- 111 W. Main Street
 East Smithfield ----- 563 Main Street
 Elkland ----- 104 Main Street
 Emporium ----- 135 East Fourth Street
 Hornell ----- 6250 County Route 64
 Jersey Shore ----- 230 Railroad Street
 Knoxville ----- 102 East Main Street
 Laporte ----- 514 Main Street
 Liberty ----- 4534 Williamson Trail
 Mansfield ----- 1085 Main Street
 Monroeton ----- 612 James Monroe Avenue
 Muncy ----- 3461 Route 405 Highway
 Old Lycoming ----- 1510 Dewey Avenue
 Port Allegany ----- 100 Maple Street
 Ralston ----- 24 Thompson Street
 Sayre ----- 1827 Elmira Street
 South Williamsport ----- 2 East Mountain Avenue
 Tioga ----- 41 N. Main Street
 Towanda ----- 428 Main Street
 Troy ----- 64 Elmira Street
 Wellsboro ----- 90-92 Main Street
 Williamsport ----- 130 Court Street
 Wysox ----- 1467 Golden Mile Road

Loan Production Office

Elmira ----- 250 E. Water Street

Investor Information

The annual meeting of shareholders will be held at the Deane Center, 104 Main Street in Wellsboro, PA at 2:00 p.m. Thursday, April 19, 2018. General shareholder inquiries should be sent to Citizens & Northern Corporation, 90-92 Main Street, P.O. Box 58, Wellsboro, PA 16901. Our Stock Transfer Agent is American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219. Telephone: 800-278-4353. Our independent auditors are Baker Tilly Virchow Krause, LLP, 400 Market Street, Williamsport, PA 17701.

Contact Information

Client Contact Center ----- 877-838-2517
 Online Banking ----- 877-838-2517
 Telephone Banking ----- 877-622-5526

C&N Financial Services

Wellsboro ----- 866-ASK-CNFS
 Coudersport ----- 814-274-1929

Trust and Financial Management Group

Wellsboro ----- 800-487-8784
 Sayre ----- 888-760-8192
 Towanda ----- 888-987-8784
 Williamsport ----- 866-732-7213
 Canisteo ----- 607-698-4295
 Coudersport ----- 814-274-1929

Digital Connections

Email ----- ContactCN@cnbankpa.com
 On the Web ----- www.cnbankpa.com
 Facebook ----- Facebook.com/citizensandnorthernbank
 LinkedIn --- LinkedIn.com/company/citizens-&-northern-bank
 Twitter ----- @cnbankpa

Stockholder Inquiries

A copy of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, as required to be filed with the Securities and Exchange Commission, will be furnished to any stockholder without charge upon written request to the Corporation's treasurer at our principal office at P.O. Box 58, Wellsboro, PA 16901. The information is also available through the Citizens & Northern Bank website at www.cnbankpa.com and the website of the Securities and Exchange Commission at www.sec.gov.

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.





www.cnbankpa.com



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