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Stock Symbol: CZNC

Chartered 1864

FEDERAL DEPOSIT INSURANCE CORP

September 30, 2013

QUARTERLY REPORT

Dear Shareholder:

Net income for the third quarter of 2013 continues to be strong at \$4,689,000, albeit 14.65% less than the third quarter of 2012. Our Return on Average Assets (ROAA) of 1.55% remains near the top of our peer group. As I have previously reported, the Federal Reserve Bank's desire to hold interest rates at historic lows has resulted in continued margin compression. Margin compression is the major factor in our lower net income. Third quarter 2013 non-interest income was \$171,000 higher than third quarter 2012. While non-interest expenses were \$384,000 higher during the third quarter 2013 compared to third quarter 2012, that amount included \$694,000 additional professional fees as the result of a consulting engagement in which the consulting firm identified recommendations for potential increases in revenues with an estimated annual total pre-tax benefit of approximately \$1.3 million.

The balance sheet remains relatively unchanged as the current interest rate environment provides little opportunity to leverage our capital to increase net interest income without accepting undue credit and interest rate risk.

Dividends year-to-date have been 75 cents per share, an increase of 25.0% over the prior year. The current dividend provides a very attractive yield of 5.02% based on the last trade of the quarter.

As we enter the final quarter of 2013, we see many of the challenges that we have experienced during the first nine months of the year, including continued margin compression, increased regulatory costs as the result of Dodd-Frank and weak loan demand. We remain confident that Citizens & Northern is well positioned to continue to produce solid financial results.

I solicit your continued support and welcome your questions and comments.

Charles H. Updegraff, Jr.
Chairman, President & CEO

**CITIZENS & NORTHERN CORPORATION
BOARD OF DIRECTORS**

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428 S. Main Street, **ATHENS**, PA 18810
3 Main Street, **CANISTEO**, NY 14823
10 N Main Street, **COUDERSPORT**, PA 16915
111 Main Street, **DUSHORE**, PA 18614
563 Main Street, **EAST SMITHFIELD**, PA 18817
104 Main Street, **ELKLAND**, PA 16920
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6250 County Route 64, **HORNELL**, NY 14843
230-232 Railroad Street, **JERSEY SHORE**, PA 17740
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428 Main Street, **TOWANDA**, PA18848
Court House Square, **TROY**, PA 16947
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130 Court Street, **WILLIAMSPORT**, PA 17701
1510 Dewey Ave., **WILLIAMSPORT**, PA 17702
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3 Main Street, **Canisteeo**, NY 14823
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CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

| | 3RD QUARTER 2013 (Current) | 2ND QUARTER 2013 (Prior Qtr) | 3RD QUARTER 2012 (Prior Yr) | 9 MONTHS ENDED SEPTEMBER 30, 2013 (Current) | 2012 (Prior Yr) |
|---|-------------------------------------|---------------------------------------|--------------------------------------|--|--------------------|
| Interest and Dividend Income | \$12,027 | \$12,355 | \$13,836 | \$37,029 | \$43,141 |
| Interest Expense | 1,396 | 1,415 | 2,228 | 4,411 | 7,131 |
| Net Interest Income | 10,631 | 10,940 | 11,608 | 32,618 | 36,010 |
| Provision for Loan Losses | 239 | 66 | 236 | 488 | 421 |
| Net Interest Income After Provision for Loan Losses | 10,392 | 10,874 | 11,372 | 32,130 | 35,589 |
| Other Income | 4,293 | 4,191 | 4,122 | 12,327 | 12,056 |
| Net Gains on Available-for-sale Securities | 193 | 100 | 2,430 | 1,452 | 2,631 |
| Loss on Prepayment of Borrowings | 0 | 0 | 2,190 | 1,023 | 2,333 |
| Other Noninterest Expenses | 8,610 | 8,520 | 8,226 | 25,683 | 24,960 |
| Income Before Income Tax Provision | 6,268 | 6,645 | 7,508 | 19,203 | 22,983 |
| Income Tax Provision | 1,579 | 1,671 | 2,014 | 4,834 | 6,217 |
| Net Income | \$4,689 | \$4,974 | \$5,494 | \$14,369 | \$16,766 |

PER COMMON SHARE DATA:

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Net Income – Basic | \$0.38 | \$0.40 | \$0.45 | \$1.16 | \$1.37 |
| Net Income – Diluted | \$0.38 | \$0.40 | \$0.45 | \$1.16 | \$1.37 |
| Dividend Per Share | \$0.25 | \$0.25 | \$0.22 | \$0.75 | \$0.60 |
| Number Shares Used in Computation - Basic | 12,363,887 | 12,342,755 | 12,244,797 | 12,342,706 | 12,225,895 |
| Number Shares Used in Computation - Diluted | 12,396,902 | 12,369,311 | 12,270,685 | 12,371,927 | 12,252,357 |

CONDENSED, CONSOLIDATED BALANCE SHEET DATA

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

| | SEPT. 30, 2013 | JUNE 30, 2013 | SEPT. 30, 2012 |
|---|--------------------|--------------------|--------------------|
| ASSETS | | | |
| Cash & Due from Banks | \$43,247 | \$35,776 | \$42,496 |
| Available-for-sale Securities | 475,650 | 470,068 | 487,314 |
| Loans Held for Sale | 801 | 725 | 3,846 |
| Loans, Net | 641,345 | 647,772 | 690,357 |
| Intangible Assets | 12,042 | 12,055 | 12,098 |
| Other Assets | 59,867 | 61,948 | 73,898 |
| TOTAL ASSETS | \$1,232,952 | \$1,228,344 | \$1,310,009 |
| LIABILITIES | | | |
| Deposits | \$963,465 | \$950,769 | \$1,013,010 |
| Repo Sweep Accounts | 4,833 | 4,387 | 4,657 |
| Total Deposits and Repo Sweeps | 968,298 | 955,156 | 1,017,667 |
| Borrowed Funds | 73,405 | 85,472 | 104,954 |
| Other Liabilities | 10,043 | 8,355 | 7,242 |
| TOTAL LIABILITIES | 1,051,746 | 1,048,983 | 1,129,863 |
| SHAREHOLDERS' EQUITY | | | |
| Common Shareholders' Equity, Excluding Accumulated Other Comprehensive Income (Loss) | 178,838 | 176,681 | 168,320 |
| Accumulated Other Comprehensive Income (Loss): | | | |
| Net Unrealized Gains/Losses on | | | |
| Available-for-sale Securities | 2,520 | 2,832 | 12,278 |
| Defined Benefit Plans | (152) | (152) | (452) |
| TOTAL SHAREHOLDERS' EQUITY | 181,206 | 179,361 | 180,146 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | \$1,232,952 | \$1,228,344 | \$1,310,009 |

CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS

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

| | 9 MONTHS ENDED | | % |
|---|-----------------------|-------------|-------------------|
| | SEPTEMBER 30, | | INCREASE |
| | 2013 | 2012 | (DECREASE) |
| EARNINGS PERFORMANCE | | | |
| Net Income | \$14,369 | \$16,766 | -14.30% |
| Return on Average Assets | 1.55% | 1.70% | -8.82% |
| Return on Average Equity | 10.57% | 12.85% | -17.74% |
| BALANCE SHEET HIGHLIGHTS | | | |
| Total Assets | \$1,232,952 | \$1,310,009 | -5.88% |
| Available-for-Sale Securities | 475,650 | 487,314 | -2.39% |
| Loans (Net) | 641,345 | 690,357 | -7.10% |
| Allowance for Loan Losses | 7,130 | 7,792 | -8.50% |
| Deposits and Repo Sweep Accounts | 968,298 | 1,017,667 | -4.85% |
| OFF-BALANCE SHEET | | | |
| Outstanding Balance of Mortgage Loans Sold with Servicing Retained | 138,074 | 83,205 | 65.94% |
| Trust Assets Under Management | 760,964 | 707,571 | 7.55% |
| SHAREHOLDERS' VALUE (PER COMMON SHARE) | | | |
| Net Income - Basic | \$1.16 | \$1.37 | -15.33% |
| Net Income - Diluted | \$1.16 | \$1.37 | -15.33% |
| Dividends | \$0.75 | \$0.60 | 25.00% |
| Common Book Value | \$14.65 | \$14.70 | -0.34% |
| Tangible Common Book Value | \$13.67 | \$13.71 | -0.29% |
| Market Value (Last Trade) | \$19.94 | \$19.61 | 1.68% |
| Market Value / Common Book Value | 136.11% | 133.40% | 2.03% |
| Market Value / Tangible Common Book Value | 145.87% | 143.03% | 1.98% |
| Price Earnings Multiple | 12.89 | 10.74 | 20.02% |
| Dividend Yield | 5.02% | 4.08% | 23.04% |
| Common Shares Outstanding, End of Period | 12,372,133 | 12,254,759 | 0.96% |
| SAFETY AND SOUNDNESS | | | |
| Tangible Common Equity / Tangible Assets | 13.86% | 12.95% | 7.03% |
| Nonperforming Assets / Total Assets | 0.83% | 0.79% | 5.06% |
| Allowance for Loan Losses / Total Loans | 1.10% | 1.12% | -1.79% |
| Total Risk Based Capital Ratio (a) | 26.17% | 22.98% | 13.88% |
| Tier 1 Risk Based Capital Ratio (a) | 24.90% | 21.74% | 14.54% |
| Leverage Ratio (a) | 13.71% | 12.03% | 13.97% |
| AVERAGE BALANCES | | | |
| Average Assets | \$1,238,213 | \$1,311,347 | -5.58% |
| Average Equity | \$181,293 | \$174,002 | 4.19% |

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

EXHIBIT 99.3 – Supplemental, Unaudited Financial Information



| AVAILABLE-FOR-SALE SECURITIES (In Thousands) | September 30, 2013 | | June 30, 2013 | | December 31, 2012 | |
|--|--------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Obligations of U.S. Government agencies | \$47,445 | \$46,384 | \$49,016 | \$47,970 | \$30,695 | \$31,217 |
| Obligations of states and political subdivisions: | | | | | | |
| Tax-exempt | 129,884 | 131,096 | 132,525 | 134,483 | 130,168 | 137,020 |
| Taxable | 31,582 | 31,211 | 29,976 | 29,689 | 24,426 | 24,817 |
| Mortgage-backed securities | 80,190 | 82,354 | 63,776 | 65,625 | 76,368 | 80,196 |
| Collateralized mortgage obligations, | | | | | | |
| Issued by U.S. Government agencies | 176,208 | 175,078 | 183,792 | 182,924 | 179,770 | 183,510 |
| Trust preferred securities issued by individual institutions | 0 | 0 | 0 | 0 | 5,167 | 5,171 |
| Collateralized debt obligations: | | | | | | |
| Pooled trust preferred securities - senior tranches | 0 | 0 | 0 | 0 | 1,615 | 1,613 |
| Other collateralized debt obligations | 660 | 660 | 660 | 660 | 660 | 660 |
| Total debt securities | 465,969 | 466,783 | 459,745 | 461,351 | 448,869 | 464,204 |
| Marketable equity securities | 5,802 | 8,867 | 5,965 | 8,717 | 5,912 | 8,373 |
| Total | \$471,771 | \$475,650 | \$465,710 | \$470,068 | \$454,781 | \$472,577 |

**Summary of Loans by Type
(Excludes Loans Held for Sale)**

| (In Thousands) | Sept. 30, 2013 | June 30, 2013 | Dec. 31, 2012 | Sept. 30, 2012 |
|---|-------------------|------------------|------------------|-------------------|
| Residential mortgage: | | | | |
| Residential mortgage loans - first liens | \$301,794 | \$304,806 | \$311,627 | \$317,734 |
| Residential mortgage loans - junior liens | 24,079 | 24,797 | 26,748 | 27,084 |
| Home equity lines of credit | 34,360 | 33,076 | 33,017 | 32,550 |
| 1-4 Family residential construction | 15,746 | 14,895 | 12,842 | 13,038 |
| Total residential mortgage | 375,979 | 377,574 | 384,234 | 390,406 |
| Commercial: | | | | |
| Commercial loans secured by real estate | 151,602 | 155,168 | 158,413 | 163,773 |
| Commercial and industrial | 44,312 | 45,812 | 48,442 | 49,405 |
| Political subdivisions | 13,905 | 24,033 | 31,789 | 35,549 |
| Commercial construction and land | 21,630 | 20,189 | 28,200 | 27,307 |
| Loans secured by farmland | 10,711 | 11,134 | 11,403 | 10,328 |
| Multi-family (5 or more) residential | 5,994 | 6,397 | 6,745 | 6,109 |
| Agricultural loans | 3,085 | 3,061 | 3,053 | 3,181 |
| Other commercial loans | 9,858 | 543 | 362 | 329 |
| Total commercial | 261,097 | 266,337 | 288,407 | 295,981 |
| Consumer | 11,399 | 11,059 | 11,269 | 11,762 |
| Total | 648,475 | 654,970 | 683,910 | 698,149 |
| Less: allowance for loan losses | (7,130) | (7,198) | (6,857) | (7,792) |
| Loans, net | \$641,345 | \$647,772 | \$677,053 | \$690,357 |

| Loans Held for Sale (In Thousands) | Sept. 30, 2013 | June 30, 2013 | Dec. 31, 2012 | Sept. 30, 2012 |
|--|---------------------------|--------------------------|--------------------------|---------------------------|
| Residential mortgage loans originated and serviced - outstanding balance | \$138,875 | \$127,214 | \$103,176 | \$87,051 |
| Less: outstanding balance of loans sold | (138,074) | (126,489) | (100,631) | (83,205) |
| Loans held for sale, net | \$801 | \$725 | \$2,545 | \$3,846 |

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

| | 3 Months Ended Sept. 30, 2013 | 3 Months Ended June 30, 2013 | 9 Months Ended Sept. 30, 2013 | 9 Months Ended Sept. 30, 2012 |
|-------------------------------|--|---|--|--|
| Balance, beginning of period | \$7,198 | \$7,118 | \$6,857 | \$7,705 |
| Charge-offs | (374) | (52) | (619) | (404) |
| Recoveries | 67 | 66 | 404 | 70 |
| Net (charge-offs) recoveries | (307) | 14 | (215) | (334) |
| Provision for loan losses | 239 | 66 | 488 | 421 |
| Balance, end of period | \$7,130 | \$7,198 | \$7,130 | \$7,792 |

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

| | Sept. 30, 2013 | June 30, 2013 | Dec 31, 2012 | Sept. 30, 2012 |
|--|---------------------------|--------------------------|-------------------------|---------------------------|
| Impaired loans with a valuation allowance | \$4,553 | \$1,874 | \$2,710 | \$4,119 |
| Impaired loans without a valuation allowance | 5,703 | 5,097 | 4,719 | 3,718 |
| Total impaired loans | \$10,256 | \$6,971 | \$7,429 | \$7,837 |
| Total loans past due 30-89 days and still accruing | \$7,260 | \$6,114 | \$7,756 | \$6,001 |
| Nonperforming assets: | | | | |
| Total nonaccrual loans | \$6,760 | \$6,697 | \$7,353 | \$7,269 |
| Total loans past due 90 days or more and still accruing | 2,668 | 2,202 | 2,311 | 2,260 |
| Total nonperforming loans | 9,428 | 8,899 | 9,664 | 9,529 |
| Foreclosed assets held for sale (real estate) | 776 | 890 | 879 | 839 |
| Total nonperforming assets | \$10,204 | \$9,789 | \$10,543 | \$10,368 |
| Loans subject to troubled debt restructurings (TDRs): | | | | |
| Performing | \$1,720 | \$2,187 | \$906 | \$916 |
| Nonperforming | 1,366 | 1,154 | 1,155 | 1,753 |
| Total TDRs | \$3,086 | \$3,341 | \$2,061 | \$2,669 |
| Total nonperforming loans as a % of loans | 1.45% | 1.36% | 1.41% | 1.36% |
| Total nonperforming assets as a % of assets | 0.83% | 0.80% | 0.82% | 0.79% |
| Allowance for loan losses as a % of total loans | 1.10% | 1.10% | 1.00% | 1.12% |
| Allowance for loan losses as a % of nonperforming loans | 75.63% | 80.89% | 70.95% | 81.77% |

Analysis of Average Daily Balances and Rates
(Dollars in Thousands)

| | 3 Months Ended 9/30/2013 Average Balance | Rate of Return/ Cost of Funds % | 3 Months Ended 6/30/2013 Average Balance | Rate of Return/ Cost of Funds % | 3 Months Ended 9/30/2012 Average Balance | Rate of Return/ Cost of Funds % |
|---|--|---|--|---|--|---|
| EARNING ASSETS | | | | | | |
| Available-for-sale securities, at amortized cost: | | | | | | |
| Taxable | \$335,439 | 2.04% | \$323,248 | 2.14% | \$339,639 | 2.46% |
| Tax-exempt | 130,831 | 5.48% | 132,198 | 5.76% | 135,362 | 5.69% |
| Total available-for-sale securities | 466,270 | 3.00% | 455,446 | 3.19% | 475,001 | 3.38% |
| Interest-bearing due from banks | 24,795 | 0.40% | 23,044 | 0.40% | 33,929 | 0.36% |
| Federal funds sold | 0 | 0.00% | 3 | 0.00% | 0 | 0.00% |
| Loans held for sale | 1,032 | 5.38% | 787 | 6.12% | 4,293 | 3.89% |
| Loans receivable: | | | | | | |
| Taxable | 615,318 | 5.64% | 625,215 | 5.79% | 662,374 | 6.00% |
| Tax-exempt | 34,712 | 5.87% | 33,690 | 5.88% | 37,696 | 6.32% |
| Total loans receivable | 650,030 | 5.65% | 658,905 | 5.80% | 700,070 | 6.02% |
| Total Earning Assets | 1,142,127 | 4.46% | 1,138,185 | 4.64% | 1,213,293 | 4.82% |
| Cash | 17,698 | | 16,961 | | 17,466 | |
| Unrealized gain/loss on securities | 1,688 | | 13,820 | | 19,310 | |
| Allowance for loan losses | (7,258) | | (7,229) | | (7,727) | |
| Bank premises and equipment | 17,950 | | 18,351 | | 19,106 | |
| Intangible Asset - Core Deposit Intangible | 105 | | 120 | | 165 | |
| Intangible Asset - Goodwill | 11,942 | | 11,942 | | 11,942 | |
| Other assets | 43,690 | | 43,127 | | 46,102 | |
| Total Assets | \$1,227,942 | | \$1,235,277 | | \$1,319,657 | |
| INTEREST-BEARING LIABILITIES | | | | | | |
| Interest-bearing deposits: | | | | | | |
| Interest checking | \$172,010 | 0.12% | \$167,404 | 0.12% | \$166,961 | 0.12% |
| Money market | 205,168 | 0.14% | 204,444 | 0.15% | 210,269 | 0.16% |
| Savings | 116,474 | 0.10% | 117,224 | 0.10% | 110,133 | 0.10% |
| Certificates of deposit | 144,689 | 0.99% | 150,358 | 1.00% | 199,250 | 1.47% |
| Individual Retirement Accounts | 127,526 | 0.40% | 130,368 | 0.44% | 141,421 | 0.73% |
| Other time deposits | 1,556 | 0.25% | 1,161 | 0.00% | 1,768 | 0.00% |
| Total interest-bearing deposits | 767,423 | 0.33% | 770,959 | 0.35% | 829,802 | 0.56% |
| Borrowed funds: | | | | | | |
| Short-term | 7,944 | 0.15% | 5,684 | 0.14% | 5,369 | 0.15% |
| Long-term | 73,436 | 4.03% | 73,615 | 4.03% | 105,811 | 4.02% |
| Total borrowed funds | 81,380 | 3.65% | 79,299 | 3.75% | 111,180 | 3.83% |
| Total Interest-bearing Liabilities | 848,803 | 0.65% | 850,258 | 0.67% | 940,982 | 0.94% |
| Demand deposits | 191,393 | | 193,115 | | 191,301 | |
| Other liabilities | 10,030 | | 8,292 | | 8,967 | |
| Total Liabilities | 1,050,226 | | 1,051,665 | | 1,141,250 | |
| Stockholders' equity, excluding | | | | | | |
| other comprehensive income/loss | 176,772 | | 174,782 | | 166,318 | |
| Other comprehensive income/loss | 944 | | 8,830 | | 12,089 | |
| Total Stockholders' Equity | 177,716 | | 183,612 | | 178,407 | |
| Total Liabilities and Stockholders' Equity | \$1,227,942 | | \$1,235,277 | | \$1,319,657 | |
| Interest Rate Spread | | 3.81% | | 3.97% | | 3.88% |
| Net Interest Income/Earning Assets | | 3.97% | | 4.15% | | 4.09% |
| Total Deposits (Interest-bearing and Demand) | \$958,816 | | \$964,074 | | \$1,021,103 | |

(1) Changes in income on tax-exempt securities and loans are presented on a fully tax-equivalent basis, using the Corporation's marginal federal income tax rate of 35%.

(2) Nonaccrual loans have been included with loans for the purpose of analyzing net interest earnings.

Analysis of Average Daily Balances and Rates
(Dollars in Thousands)

| | 9 Months Ended 9/30/2013 Average Balance | Rate of Return/ Cost of Funds % | 9 Months Ended 9/30/2012 Average Balance | Rate of Return/ Cost of Funds % |
|---|---|--|---|--|
| EARNING ASSETS | | | | |
| Available-for-sale securities, at amortized cost: | | | | |
| Taxable | \$324,839 | 2.16% | \$334,652 | 2.96% |
| Tax-exempt | 131,053 | 5.66% | 131,083 | 5.88% |
| Total available-for-sale securities | 455,892 | 3.17% | 465,735 | 3.79% |
| Interest-bearing due from banks | 25,808 | 0.39% | 35,183 | 0.34% |
| Federal funds sold | 6 | 0.00% | 0 | 0.00% |
| Loans held for sale | 1,333 | 4.71% | 2,412 | 4.10% |
| Loans receivable: | | | | |
| Taxable | 625,527 | 5.77% | 665,011 | 6.15% |
| Tax-exempt | 35,617 | 5.85% | 36,756 | 6.33% |
| Total loans receivable | 661,144 | 5.77% | 701,767 | 6.16% |
| Total Earning Assets | 1,144,183 | 4.61% | 1,205,097 | 5.07% |
| Cash | 16,919 | | 17,383 | |
| Unrealized gain/loss on securities | 10,539 | | 18,263 | |
| Allowance for loan losses | (7,205) | | (7,634) | |
| Bank premises and equipment | 18,316 | | 18,971 | |
| Intangible Asset - Core Deposit Intangible | 119 | | 185 | |
| Intangible Asset - Goodwill | 11,942 | | 11,942 | |
| Other assets | 43,400 | | 47,140 | |
| Total Assets | \$1,238,213 | | \$1,311,347 | |
| INTEREST-BEARING LIABILITIES | | | | |
| Interest-bearing deposits: | | | | |
| Interest checking | \$171,180 | 0.12% | \$161,845 | 0.13% |
| Money market | 203,925 | 0.14% | 208,932 | 0.18% |
| Savings | 116,745 | 0.10% | 107,403 | 0.10% |
| Certificates of deposit | 151,630 | 1.06% | 196,840 | 1.58% |
| Individual Retirement Accounts | 130,633 | 0.45% | 143,910 | 0.87% |
| Other time deposits | 1,190 | 0.11% | 1,343 | 0.10% |
| Total interest-bearing deposits | 775,303 | 0.36% | 820,273 | 0.62% |
| Borrowed funds: | | | | |
| Short-term | 5,963 | 0.13% | 6,144 | 0.13% |
| Long-term | 76,761 | 4.02% | 111,552 | 4.01% |
| Total borrowed funds | 82,724 | 3.74% | 117,696 | 3.80% |
| Total Interest-bearing Liabilities | 858,027 | 0.69% | 937,969 | 1.02% |
| Demand deposits | 189,823 | | 190,644 | |
| Other liabilities | 9,070 | | 8,732 | |
| Total Liabilities | 1,056,920 | | 1,137,345 | |
| Stockholders' equity, excluding | | | | |
| other comprehensive income/loss | 174,726 | | 162,627 | |
| Other comprehensive income/loss | 6,567 | | 11,375 | |
| Total Stockholders' Equity | 181,293 | | 174,002 | |
| Total Liabilities and Stockholders' Equity | \$1,238,213 | | \$1,311,347 | |
| Interest Rate Spread | | 3.92% | | 4.05% |
| Net Interest Income/Earning Assets | | 4.10% | | 4.28% |
| Total Deposits (Interest-bearing and Demand) | \$965,126 | | \$1,010,917 | |

(1) Changes in income on tax-exempt securities and loans are presented on a fully tax-equivalent basis, using the Corporation's marginal federal income tax rate of 35%.

(2) Nonaccrual loans have been included with loans for the purpose of analyzing net interest earnings.

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

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|----------|-----------|-------------------|-----------|
| | Sept. 30, | June 30, | Sept. 30, | Sept. 30, | Sept. 30, |
| | 2013 | 2013 | 2012 | 2013 | 2012 |
| Service charges on deposit accounts | \$1,281 | \$1,171 | \$1,290 | \$3,611 | \$3,707 |
| Service charges and fees | 241 | 216 | 239 | 658 | 694 |
| Trust and financial management revenue | 1,033 | 1,045 | 873 | 3,022 | 2,762 |
| Brokerage revenue | 205 | 237 | 197 | 586 | 653 |
| Insurance commissions, fees and premiums | 32 | 59 | 62 | 136 | 169 |
| Interchange revenue from debit card transactions | 484 | 505 | 477 | 1,453 | 1,460 |
| Net gains from sales of loans | 624 | 587 | 625 | 1,756 | 1,263 |
| Increase in cash surrender value of life insurance | 109 | 99 | 111 | 301 | 347 |
| Net gain from premises and equipment | 14 | 0 | 1 | 14 | 271 |
| Other operating income | 270 | 272 | 247 | 790 | 730 |
| Total other operating income, before realized gains on available-for-sale securities, net | \$4,293 | \$4,191 | \$4,122 | \$12,327 | \$12,056 |

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

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|----------|-----------|-------------------|-----------|
| | Sept. 30, | June 30, | Sept. 30, | Sept. 30, | Sept. 30, |
| | 2013 | 2013 | 2012 | 2013 | 2012 |
| Salaries and wages | \$3,536 | \$3,635 | \$3,594 | \$10,771 | \$10,755 |
| Pensions and other employee benefits | 876 | 1,034 | 982 | 3,165 | 3,438 |
| Occupancy expense, net | 626 | 599 | 610 | 1,859 | 1,874 |
| Furniture and equipment expense | 487 | 483 | 475 | 1,464 | 1,418 |
| FDIC Assessments | 151 | 147 | 165 | 450 | 468 |
| Pennsylvania shares tax | 350 | 351 | 339 | 1,051 | 1,011 |
| Other operating expense | 2,584 | 2,271 | 2,061 | 6,923 | 5,996 |
| Total noninterest expense, before loss on prepayment of borrowings | 8,610 | 8,520 | 8,226 | 25,683 | 24,960 |
| Loss on prepayment of borrowings | 0 | 0 | 2,190 | 1,023 | 2,333 |
| Total Noninterest Expense | \$8,610 | \$8,520 | \$10,416 | \$26,706 | \$27,293 |