

October 17, 2019

Contact: Charity Frantz
570-724-0225
charityf@cnbankpa.com

**C&N DECLARES DIVIDEND AND ANNOUNCES THIRD QUARTER 2019 UNAUDITED
FINANCIAL RESULTS**

FOR IMMEDIATE RELEASE:

Wellsboro, PA – Citizens & Northern Corporation (“C&N”) (NASDAQ: CZNC) announced its most recent dividend declaration and its unaudited, consolidated financial results for the three-month and nine-month periods ended September 30, 2019.

Dividend Declared

C&N’s Board of Directors declared a regular quarterly cash dividend of \$0.27 per share. The dividend is payable on November 8, 2019 to shareholders of record as of October 28, 2019. Declaration of the dividend was made at the October 17, 2019 meeting of C&N’s Board of Directors.

Merger with Monument Bancorp, Inc.

C&N’s merger with Monument Bancorp, Inc. (“Monument”) was completed April 1, 2019. Monument was the parent company of Monument Bank, a commercial bank which operated two community bank offices and one lending office in Bucks County, Pennsylvania. Total purchase consideration was \$42.7 million, including 1,279,825 shares of C&N common stock issued with a value of \$33.1 million and cash paid totaling \$9.6 million. Holders of Monument common stock prior to the consummation of the merger held approximately 9.4% of C&N’s common stock outstanding immediately following the merger.

In connection with the merger, effective April 1, 2019, C&N recorded goodwill of \$16.7 million and a core deposit intangible asset of \$1.5 million. Total loans acquired on April 1, 2019 were valued at \$259.3 million, while total deposits assumed were valued at \$223.3 million, borrowings were valued at \$111.6 million and subordinated debt was valued at \$12.4 million. The subordinated debt included an instrument with a fair value of \$5.4 million that was redeemed on April 1, 2019 with no realized gain or loss. C&N acquired available-for-sale debt securities valued at \$94.6 million and sold the securities in early April for approximately no realized gain or loss. The assets purchased and liabilities assumed in the merger were recorded at their estimated fair values at the time of closing and may be adjusted for up to one year subsequent to the acquisition.

Merger-related expenses for the nine months ended September 30, 2019 totaled \$3.8 million, including costs associated with termination of data processing contracts, conversion of Monument’s customer accounting data into C&N’s core system, severance and similar expenses, legal and other professional fees and various other costs. Management expects additional merger-related expenses associated with the Monument merger subsequent to September 30, 2019 will be insignificant.

Unaudited Financial Information

Net income was \$0.39 per diluted share in the third quarter 2019 as compared to \$0.27 in the second quarter 2019 and \$0.45 in the third quarter 2018. For the nine months ended September 30, 2019, net income per diluted share was \$1.06 as compared to \$1.33 per share for the first nine months of 2018. Earnings for the nine months ended September 30, 2019 and for the second quarter 2019 were significantly impacted by the Monument acquisition, including the effects

of non-recurring merger-related expenses described earlier. Further, interest income on loans acquired from Monument, partially offset by interest expense on deposits, borrowings and subordinated debt assumed, contributed to growth in C&N's net interest income, while costs associated with the expansion contributed to an increase in noninterest expenses.

Earnings for the third quarter 2018 and nine months ended September 30, 2018 included the benefit of a realized gain on a restricted equity security (Visa Inc. Class B stock) partially offset by the impact of a loss on available-for-sale debt securities. In the third quarter 2018, C&N recorded a pre-tax gain on Visa Class B stock of \$571,000 and a pre-tax loss on available-for-sale debt securities of \$2,000. In the nine months ended September 30, 2018, pre-tax realized gains on Visa Class B stock totaled \$2.3 million while pre-tax realized losses on available-for-sale securities totaled \$284,000.

The following table provides a reconciliation of C&N's third quarter and September 30, 2019 year-to-date unaudited earnings results under U.S. generally accepted accounting principles (U.S. GAAP) to comparative non-U.S. GAAP results excluding Monument merger-related expenses and realized gains and losses on securities. Management believes disclosure of unaudited third quarter and nine-months ended September 30, 2019 and 2018 earnings results, adjusted to exclude the impact of these items, provides useful information to investors for comparative purposes.

**RECONCILIATION OF NET INCOME AND
DILUTED EARNINGS PER SHARE TO NON-U.S.
GAAP MEASURE**

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

	3rd Quarter 2019				3rd Quarter 2018			
	Income Before Income Tax	Income Tax Provision	Net Income	Diluted Earnings per Common Share	Income Before Income Tax	Income Tax Provision	Net Income	Diluted Earnings per Common Share
	Provision	(1)	Income	Share	Provision	(1)	Income	Share
Results as Presented Under U.S. GAAP	\$6,403	\$1,096	\$5,307	\$0.39	\$6,697	\$1,111	\$5,586	\$0.45
Add: Merger-Related Expenses	206	59	147		200	6	194	
Less: Gain on Restricted Equity Security					(571)	(119)	(452)	
Net (Gains) Losses on Available-for-Sale Debt Securities	(13)	(3)	(10)		2	0	2	
Adjusted Earnings, Excluding Effect of Merger-Related Expenses, Gain on Restricted Equity Security and Net Gains and Losses on Available-for-Sale Debt Securities (Non-U.S. GAAP)	\$6,596	\$1,152	\$5,444	\$0.40	\$6,328	\$998	\$5,330	\$0.43
	9 Months Ended Sept. 30, 2019				9 Months Ended Sept. 30, 2018			
	Income Before Income Tax	Income Tax Provision	Net Income	Diluted Earnings per Common Share	Income Before Income Tax	Income Tax Provision	Net Income	Diluted Earnings per Common Share
	Provision	(1)	Income	Share	Provision	(1)	Income	Share
Results as Presented Under U.S. GAAP	\$16,816	\$2,770	\$14,046	\$1.06	\$19,561	\$3,229	\$16,332	\$1.33
Add: Merger-Related Expenses	3,818	798	3,020		200	6	194	
Less: Gain on Restricted Equity Security					(2,321)	(487)	(1,834)	
Net (Gains) Losses on Available-for-sale Debt Securities	(20)	(4)	(16)		284	59	225	
Adjusted Earnings, Excluding Effect of Merger-Related Expenses, Gain on Restricted Equity Security and Net Gains and Losses on Available-for-Sale Debt Securities (Non-U.S. GAAP)	\$20,614	\$3,564	\$17,050	\$1.31	\$17,724	\$2,807	\$14,917	\$1.21

(1) Income tax has been allocated based on an income tax rate of 21%. The tax benefit associated with merger-related expenses has been adjusted to reflect the estimated nondeductible portion of the expenses.

Additional highlights related to C&N's third quarter and September 30, 2019 year-to-date unaudited earnings results as compared to the second quarter 2019 and comparative periods of 2018 are presented below.

Third Quarter 2019 as Compared to Second Quarter 2019

Net income was \$5,307,000 in the third quarter 2019 as compared to \$3,649,000 in the second quarter 2019. Excluding the impact of merger-related expenses and net securities gains, adjusted earnings for the third quarter 2019 were \$5,444,000 as compared to the similarly adjusted second quarter 2019 earnings of \$6,271,000. The reduction in adjusted earnings in the third quarter 2019 in comparison to the prior quarter resulted mainly from an increase in the provision for loan losses. The provision for loan losses was \$1,158,000 in the third quarter 2019 as compared to a credit of \$4,000 in the second quarter 2019. This increase in expense was due to a specific allowance of \$678,000 related to a commercial real estate secured loan with a balance of \$1,261,000 at September 30, 2019 as well as an increase in the collectively determined portion of the allowance for loan losses related mainly to loan growth. Other significant variances were as follows:

- Net interest income increased \$72,000 (0.51%) in the third quarter 2019 over the total for the second quarter 2019. Average outstanding loans increased \$25.1 million (2.3% or 9.0% annualized), reflecting growth in commercial loans from C&N's new markets in Southeastern PA and York County as well as growth in residential mortgage loans. Average total deposits increased \$20.5 million, including an increase in municipal deposits mainly due to seasonal factors. The net interest margin was 3.81% for the third quarter 2019, down from 3.89% in the second quarter 2019. The average yield on earning assets decreased 0.08% while the average rate paid on interest-bearing liabilities decreased 0.01%.
- Noninterest income of \$4,963,000 in the third quarter 2019 was up \$114,000 from the second quarter 2019 total. Service charges on deposit accounts increased \$159,000, net gains from sales of residential mortgage loans increased \$89,000 and other noninterest income increased \$33,000 due primarily to an increase in dividends on Federal Home Loan Bank of Pittsburgh (FHLB) stock. These increases were partially offset by a reduction in total trust and brokerage revenues of \$132,000 and a reduction in loan servicing fees, net of \$89,000. The reduction in loan servicing fees resulted from a decrease in the fair value of servicing rights.
- Noninterest expense, excluding merger-related expenses, totaled \$11,486,000 in the third quarter 2019, an increase of \$64,000 over the second quarter 2019 amount. Significant variances included the following:
 - Pensions and other employee benefits expense increased \$224,000 in the third quarter 2019 as expense for the second quarter was reduced by a nonrecurring credit of \$201,000 for previous overpayment of claims on C&N's partially self-insured health plan.
 - Salaries and wages expense increased \$204,000 including expenses related to staffing increases in lending and credit administration.
 - Data processing expenses decreased \$160,000, as second quarter expenses included costs associated with operating two core systems from April 1, 2019 until conversion of former Monument customer data to C&N's core system was completed in late June.
 - Other noninterest expense decreased \$160,000, including a reduction of \$112,000 in FDIC insurance expense and an adjustment to reduce over-accruals of various expenses totaling \$91,000. C&N recorded a net credit for FDIC insurance of \$6,000 in the third quarter 2019, including an estimated (accrued) assessment of \$99,000 for third quarter offset by a credit against the previously accrued second quarter assessment of \$105,000. The credit resulted from the FDIC's Deposit Insurance Fund (DIF) reserve ratio of 1.40% at June 30, 2019 exceeding a targeted maximum of 1.38%. At September 30, 2019, C&N's remaining balance of available credits, to be applied by the FDIC in subsequent quarters if the DIF reserve ratio exceeds the target, was \$277,000.

- Professional fees expense decreased \$89,000, including decreases in expense related to employee sales and service training and employee recruiting costs.

Third Quarter 2019 as Compared to Third Quarter 2018

As described above, third quarter 2019 net income was \$5,307,000, and excluding the impact of merger-related expenses and net securities gains, would be \$5,444,000. In comparison, third quarter 2018 net income was \$5,586,000, and excluding the impact of merger-related expenses and net securities gains, would be \$5,330,000. Other significant variances were as follows:

- Third quarter 2019 net interest income of \$14,277,000 was \$2,718,000 (23.5%) higher than the total for the third quarter 2018. Total average earning assets increased \$294.3 million, including an increase in average loans outstanding of \$309.9 million, reflecting the impact of the Monument acquisition and additional loan growth. Total average deposits increased \$194.0 million, including deposits assumed from Monument. The net interest margin of 3.81% for the third quarter 2019 was 0.06% lower than the third quarter 2018 margin of 3.87%. The average yield on earning assets was 0.33% higher in the third quarter 2019 as compared to the same period in 2018, while the average rate paid on interest-bearing liabilities increased 0.52% between periods. The increase in average rate on interest-bearing liabilities resulted primarily from comparatively higher rates on time deposits and short-term borrowings assumed from Monument. Accretion and amortization of purchase accounting-related adjustments from marking financial instruments to fair value had a positive effect on net interest income in the third quarter 2019 of \$195,000, including an increase in income on loans of \$377,000 partially offset by increases in interest expense on time deposits of \$137,000 and on short-term borrowings of \$45,000. The net positive impact to the third quarter 2019 net interest margin from accretion and amortization of purchase accounting adjustments was 0.05%.
- The provision for loan losses was \$1,158,000 for the third quarter 2019 as compared to \$60,000 in the third quarter 2018. The third quarter 2019 provision included a charge of \$790,000 related to specific loans (increase in specific allowances on loans of \$689,000 and net charge-offs of \$101,000), and a net \$368,000 charge to increase the collectively determined portion of the allowance attributable mainly to loan growth. As noted above, the provision related to specific loans included recognition of an allowance of \$678,000 for one commercial loan with an outstanding balance of \$1,261,000 at September 30, 2019. In comparison, the provision in the third quarter 2018 included \$40,000 related to the change in total specific allowances on impaired loans, as adjusted for net charge-offs during the period, and a net \$20,000 related to an increase in the collectively determined allowance for loan losses.
- Third quarter 2019 noninterest income was \$501,000 higher than the third quarter 2018 total. Total trust and brokerage revenue increased \$150,000, mainly from increased brokerage revenue attributable to an increase in volume. In addition, net gains from sales of residential mortgage loans increased \$146,000, other noninterest income increased \$109,000 primarily due to increases in dividends on FHLB stock, merchant income and credit card interchange, and service charges on deposits accounts increased \$105,000.
- Noninterest expense, excluding merger-related expenses, increased \$1,853,000 in the third quarter 2019 over the third quarter 2018 amount. Significant variances included the following:
 - Salaries and wages expense increased \$1,217,000, including \$863,000 from C&N's new ventures in Southeastern PA and York County.
 - Pensions and other employee benefits expense increased \$212,000, consistent with the increases in personnel from new ventures.
 - Other noninterest expense increased \$280,000. Within other noninterest expense, advertising expenses related to rebranding efforts and other activities were \$179,000 higher in the third quarter

2019 compared to third quarter 2018, and amortization of core deposit intangibles increased \$73,000 in 2019 compared to 2018.

- Data processing expenses increased \$135,000, reflecting costs related to product development efforts in connection with a fintech organization and other increases in software licensing costs.

Nine Months Ended September 30, 2019 as Compared to Nine Months Ended September 30, 2018

Net income for the nine-month period ended September 30, 2019 was \$14,046,000, or \$1.06 per diluted share, while net income for the first nine months of 2018 was \$16,332,000, or \$1.33 per share. Excluding the impact of merger-related expenses and net securities gains, adjusted earnings for the first nine months of 2019 would be \$17,050,000 or \$1.31 per share as compared to similarly adjusted earnings of \$14,917,000 or \$1.21 per share for the first nine months of 2018. Other significant variances were as follows:

- Net interest income was up \$6,486,000 (19.2%) for the first nine months of 2019 over the same period in 2018, reflecting the benefits of growth related to the Monument acquisition. The net interest margin was 3.90% for the first nine months of 2019, up from 3.86% in 2018. The net interest margin for the first nine months of 2019 included a net positive impact from accretion and amortization of purchase accounting adjustments of 0.02%. For the first nine months of 2019, the average yield on earning assets was up 0.37% as compared to the same period in 2018, while the average rate paid on interest-bearing liabilities was up 0.46% between periods. Despite compression in the interest rate spread, the increase in the net interest margin reflected growth in average earning assets of \$203.9 million, while in comparison, average interest-bearing liabilities increased \$149.0 million. The excess growth in earning assets was funded mainly by an increase of \$39.9 million in average noninterest-bearing demand deposits and by an increase in average stockholders' equity (excluding accumulated other comprehensive income) of \$31.7 million.
- The provision for loan losses was \$197,000 for the first nine months of 2019 as compared to \$332,000 in the first nine months of 2018. The 2019 provision included a credit of \$370,000 related to specific loans (net charge-offs of \$249,000, less a net reduction in specific allowances on loans of \$619,000), a net \$481,000 charge to increase the collectively determined portion of the allowance attributable mainly to loan growth and an \$86,000 increase in the unallocated allowance. In comparison, the provision in 2018 included \$153,000 related to the change in total specific allowances on impaired loans, as adjusted for net charge-offs during the period and a net charge of \$179,000 related to an increase in the collectively determined allowance for loan losses.
- Noninterest income was \$661,000 higher for the first nine months of 2019 as compared to the first nine months of 2018. Total trust and brokerage revenue increased \$330,000 reflecting significant growth in brokerage revenue attributable to increased volume, interchange revenue from debit card transactions increased \$184,000, service charges on deposit accounts increased \$126,000, and net gains from sales of loans increased \$104,000. Loan servicing fees, net, decreased \$254,000, as the fair value of servicing rights decreased \$312,000 in 2019 as compared to a decrease of \$58,000 in 2018. The reduction in valuation of servicing fees at September 30, 2019 reflected the impact of higher assumed mortgage prepayments from lower interest rates.
- Noninterest expense, excluding merger-related expenses, increased \$4,392,000 for the nine months ended September 30, 2019 over the total for the first nine months of 2018. Significant variances included the following:
 - Salaries and wages expense increased \$2,669,000, including \$1,852,000 related to C&N's new ventures in Southeastern PA and York County.
 - Other noninterest expense increased \$1,115,000. Within other noninterest expense, expenses and net losses on other real estate properties increased \$432,000, mainly due to significant costs incurred related to one commercial workout situation. Other increases within this category included increases

in loan collection expenses of \$270,000, advertising expense of \$204,000, amortization of core deposit intangibles of \$146,000, credit card operating costs of \$97,000, insurance of \$62,000, other taxes of \$42,000 and consulting related to the overdraft privilege program of \$36,000. Also, within other noninterest expense, donations expense decreased \$245,000 reflecting a 2018 donation of real estate that resulted in expense of \$250,000 with no similar item in 2019.

- Data processing expenses increased \$565,000, reflecting the costs of operating two core processing systems for most of the second quarter 2019 as well as costs related to product development efforts in connection with a fintech organization and other increases in software licensing costs.
- Automated teller machine and interchange expense decreased \$225,000, reflecting cost reductions pursuant to a renegotiated service contract.

Other Information:

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$1,642,587,000 at September 30, 2019, up from \$1,609,685,000 at June 30, 2019 and up 27.8% from \$1,285,439,000 at September 30, 2018.
- Net loans outstanding (excluding mortgage loans held for sale) were \$1,130,143,000 at September 30, 2019, up from \$1,108,483,000 at June 30, 2019 and up 38.9% from \$813,717,000 at September 30, 2018. In comparing outstanding balances at September 30, 2019 and 2018, total commercial loans increased \$183.3 million (52.2%), total residential mortgage loans increased \$130.5 million (28.7%) and total consumer loans increased \$3.1 million (17.6%). At September 30, 2019, the outstanding balance of commercial loan participations with other financial entities was \$58.5 million, down from \$66.3 million at June 30, 2019 and \$65.7 million at September 30, 2018.
- Total nonperforming assets as a percentage of total assets was 0.86% at September 30, 2019, down from 0.95% at June 30, 2019 and 1.30% at September 30, 2018. The reduction in this ratio as compared to the level at September 30, 2018 included the impact of acquiring non-impaired loans from Monument in the second quarter 2019 along with reduced balances of loans past due 90 days or more and nonaccrual loans from C&N's legacy portfolio. Included within nonperforming assets are loans considered impaired upon their purchase from Monument ("PCI Loans"). PCI Loans totaled \$441,000 at April 1, 2019 and September 30, 2019.
- Deposits and repo sweep accounts totaled \$1,298,649,000 at September 30, 2019, up from \$1,287,335,000 at June 30, 2019 and up 23.8% from \$1,049,368,000 at September 30, 2018.
- Total shareholders' equity was \$242,939,000 at September 30, 2019, up from \$239,716,000 at June 30, 2019 and \$189,987,000 at September 30, 2018. Within shareholders' equity, the portion of accumulated other comprehensive income (loss) related to available-for-sale debt securities was \$4,173,000 at September 30, 2019, up from \$3,138,000 at June 30, 2019 and (\$8,502,000) at September 30, 2018. Fluctuations in accumulated other comprehensive income (loss) related to valuations of available-for-sale debt securities have been caused by changes in interest rates.
- Citizens & Northern Bank is subject to various regulatory capital requirements. At September 30, 2019, 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.
- Assets under management by C&N's Trust and Financial Management Group amounted to \$959,215,000 at September 30, 2019, up from \$948,998,000 at June 30, 2019 and up 0.7% from \$952,824,000 at September 30, 2018.

Citizens & Northern Corporation is the parent company of Citizens & Northern Bank, an independent community bank providing complete financial, investment and insurance services through 27 full service offices located in Tioga, Bradford, Sullivan, Lycoming, Potter, Cameron, McKean and Bucks counties in Pennsylvania and in Canisteo and South Hornell, New York. C&N also offers commercial, residential and consumer lending services through offices in York and

Warminster in Pennsylvania and Elmira, New York. C&N can be found on the worldwide web at www.cnbankpa.com. The Company's stock is listed on the NASDAQ Capital Market under the symbol CZNC.

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; legislative or regulatory changes; downturn in demand for loan, deposit and other financial services in the Corporation's market area; increased competition from other banks and non-bank providers of financial services; technological changes and increased technology-related costs; changes in management's assessment of realization of securities and other assets; and changes in accounting principles, or the application of generally accepted accounting principles. 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.



September 30, 2019

QUARTERLY REPORT

Dear Shareholder:

As you would expect, the ongoing integration of the Monument Bank franchise remained a focus at C&N, following the successful June 24th systems conversion. The transition of Monument customers to C&N's products and systems went very smoothly and our Team worked well to address various challenges following the changeover. As this important effort settles in, we are turning our attention to the regional market plan and fully implementing our sales and relationship model. We are leveraging corporate resources and methodically building in-market capacity to deliver treasury/cash management, mortgage, and wealth management services, as well as enhanced mobile and online capabilities, to current and prospective customers. The additional services and delivery channels will enhance the customer experience and create value as we meet a broader range of needs and deepen relationships. We have been pleased with the collaboration throughout the process and our results to-date.

There is a similar theme with the York loan production office. The Team continues to deliver strong loan growth and is building its impact in the market. They are working hard at implementing a market plan to add relationship bankers and capacity to the region.

It is important to note that the regional Teams in C&N's legacy markets continue to drive results and expand relationships, as well. We broke ground for the new Towanda office on September 25th and expect to open this state-of-the-art facility in the spring of next year. Our focus over the past several years to build a sustainable, value driven business model is maturing, as is the underlying capacity of our marketing Team and related technology. The brand refresh we introduced last quarter has been well-received and will be essentially completed during the fourth quarter.

Net income in the third quarter of 2019, excluding merger related items and securities gains, increased by approximately 2% compared to the third quarter of 2018 while EPS decreased 7%, the difference due to the additional shares issued in the Monument acquisition. Year-to-date, on the same basis, adjusted net income increased 14% and adjusted EPS grew 8%. The drivers include stronger net interest income, increased overall levels of noninterest income, and managed growth in noninterest expenses. The consistent positive trends in these key areas continue to support an increased run rate in core earnings. Looking forward, the economy appears to be solid despite an unsettled political environment. Fed policy and the return to a flat yield curve inside the extended low interest rate environment present an ongoing challenge to sustaining the net interest margin.

Third quarter results were impacted by a loan loss provision \$1.16 million compared to \$60,000 in the third quarter of 2018, and credits to the provision during the first two quarters of 2019. The higher provision this quarter was primarily due to a specific reserve on one problem loan of \$678,000, combined with an increased provision required to provide for ongoing loan growth.

C&N's capital position enables the Company to pursue growth and expansion and it remains strong following the Monument acquisition. When coupled with our positive earnings, these capital levels support our plans for future growth and continuation of a strong cash dividend. On October 17, 2019, the Board of Directors declared a cash dividend on common stock of \$.27 per share payable on November 8, 2019. This results in an annual dividend of \$1.08 and annualized yield of 4.11% based on C&N's September 30, 2019 closing price of \$26.28.

Thank you to all our loyal shareholders for your continued support and interest in C&N.

A handwritten signature in cursive script, appearing to read "Brad Scovill".

J. Bradley Scovill
President and CEO

CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

	3RD QUARTER 2019 (Current)	3RD QUARTER 2018 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$17,277	\$12,800	\$4,477	34.98%
Interest Expense	3,000	1,241	1,759	141.74%
Net Interest Income	14,277	11,559	2,718	23.51%
Provision for Loan Losses	1,158	60	1,098	1830.00%
Net Interest Income After Provision for Loan Losses	13,119	11,499	1,620	14.09%
Noninterest Income	4,963	4,462	501	11.23%
Gain on Restricted Equity Security	0	571	(571)	-100.00%
Net Gains (Losses) on Available-for-sale Debt Securities	13	(2)	15	-750.00%
Merger-Related Expenses	206	200	6	3.00%
Other Noninterest Expenses	11,486	9,633	1,853	19.24%
Income Before Income Tax Provision	6,403	6,697	(294)	-4.39%
Income Tax Provision	1,096	1,111	(15)	-1.35%
Net Income	\$5,307	\$5,586	(\$279)	-4.99%
Net Income Attributable to Common Shares (1)	\$5,281	\$5,558	(\$277)	-4.98%
PER COMMON SHARE DATA:				
Net Income - Basic	\$0.39	\$0.45	(\$0.06)	-13.33%
Net Income - Diluted	\$0.39	\$0.45	(\$0.06)	-13.33%
Dividend Per Share - Quarterly	\$0.27	\$0.27	\$0.00	0.00%
Number of Shares Used in Computation - Basic	13,627,676	12,228,833		
Number of Shares Used in Computation - Diluted	13,646,818	12,271,536		

CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

	9 MONTHS ENDED SEPTEMBER 30,			
	2019 (Current)	2018 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$47,481	\$37,024	\$10,457	28.24%
Interest Expense	7,284	3,313	3,971	119.86%
Net Interest Income	40,197	33,711	6,486	19.24%
Provision for Loan Losses	197	332	(135)	-40.66%
Net Interest Income After Provision for Loan Losses	40,000	33,379	6,621	19.84%
Noninterest Income	14,218	13,557	661	4.88%
Gain on Restricted Equity Security	0	2,321	(2,321)	-100.00%
Net Gains (Losses) on Available-for-sale Debt Securities	20	(284)	304	-107.04%
Merger-Related Expenses	3,818	200	3,618	1809.00%
Other Noninterest Expenses	33,604	29,212	4,392	15.03%
Income Before Income Tax Provision	16,816	19,561	(2,745)	-14.03%
Income Tax Provision	2,770	3,229	(459)	-14.21%
Net Income	\$14,046	\$16,332	(\$2,286)	-14.00%
Net Income Attributable to Common Shares (1)	\$13,974	\$16,249	(\$2,275)	-14.00%
PER COMMON SHARE DATA:				
Net Income - Basic	\$1.06	\$1.33	(\$0.27)	-20.30%
Net Income - Diluted	\$1.06	\$1.33	(\$0.27)	-20.30%
Dividend Per Share - Quarterly	\$0.81	\$0.81	\$0.00	0.00%
Dividend Per Share - Special	\$0.10	\$0.00	\$0.10	
Number of Shares Used in Computation - Basic	13,182,960	12,209,879		
Number of Shares Used in Computation - Diluted	13,206,244	12,248,669		

(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**

(In Thousands) (Unaudited)

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	SEPTEMBER 30, 2019 vs 2018	
			\$ Incr. (Decr.)	% Incr. (Decr.)
ASSETS				
Cash & Due from Banks	\$51,443	\$38,341	\$13,102	34.17%
Available-for-sale Debt Securities	363,467	358,706	4,761	1.33%
Loans Held for Sale	2,033	551	1,482	268.97%
Loans, Net	1,130,143	813,717	316,426	38.89%
Intangible Assets	29,939	11,951	17,988	150.51%
Other Assets	65,562	62,173	3,389	5.45%
TOTAL ASSETS	\$1,642,587	\$1,285,439	\$357,148	27.78%
LIABILITIES				
Deposits	\$1,294,882	\$1,043,947	\$250,935	24.04%
Repo Sweep Accounts	3,767	5,421	(1,654)	-30.51%
Total Deposits and Repo Sweeps	1,298,649	1,049,368	249,281	23.76%
Borrowed Funds	75,714	35,985	39,729	110.40%
Subordinated Debt	7,000	0	7,000	
Other Liabilities	18,285	10,099	8,186	81.06%
TOTAL LIABILITIES	1,399,648	1,095,452	304,196	27.77%
SHAREHOLDERS' EQUITY				
Common Shareholders' Equity, Excluding Accumulated				
Other Comprehensive Income (Loss)	238,479	198,355	40,124	20.23%
Accumulated Other Comprehensive Income (Loss):				
Net Unrealized Gains/Losses on				
Available-for-sale Debt Securities	4,173	(8,502)	12,675	-149.08%
Defined Benefit Plans	287	134	153	114.18%
TOTAL SHAREHOLDERS' EQUITY	242,939	189,987	52,952	27.87%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,642,587	\$1,285,439	\$357,148	27.78%

EXHIBIT 99.3 – Supplemental, Unaudited Financial Information



CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS

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

	AS OF OR FOR THE NINE MONTHS ENDED		% INCREASE (DECREASE)
	SEPTEMBER 30, 2019	2018	
EARNINGS PERFORMANCE			
Net Income	\$14,046	\$16,332	-14.00%
Return on Average Assets (Annualized)	1.25%	1.71%	-26.90%
Return on Average Equity (Annualized)	8.33%	11.64%	-28.44%
BALANCE SHEET HIGHLIGHTS			
Total Assets	\$1,642,587	\$1,285,439	27.78%
Available-for-Sale Debt Securities	363,467	358,706	1.33%
Loans (Net)	1,130,143	813,717	38.89%
Allowance for Loan Losses	9,257	8,815	5.01%
Deposits and Repo Sweep Accounts	1,298,649	1,049,368	23.76%
OFF-BALANCE SHEET			
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$177,561	\$171,516	3.52%
Trust Assets Under Management	959,215	952,824	0.67%
SHAREHOLDERS' VALUE (PER COMMON SHARE)			
Net Income - Basic	\$1.06	\$1.33	-20.30%
Net Income - Diluted	\$1.06	\$1.33	-20.30%
Dividends – Quarterly	\$0.81	\$0.81	0.00%
Dividends – Special	\$0.10	\$0.00	
Common Book Value	\$17.73	\$15.45	14.76%
Tangible Common Book Value (a)	\$15.54	\$14.48	7.32%
Market Value (Last Trade)	\$26.28	\$26.15	0.50%
Market Value / Common Book Value	148.22%	169.26%	-12.43%
Market Value / Tangible Common Book Value	169.11%	180.59%	-6.36%
Price Earnings Multiple (Annualized)	18.59	14.75	26.03%
Dividend Yield (Annualized, Excluding Special Dividend)	4.11%	4.13%	-0.48%
Common Shares Outstanding, End of Period	13,703,022	12,297,274	11.43%

CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS (Continued)

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

	AS OF OR FOR THE NINE MONTHS ENDED		%
	SEPTEMBER 30,		INCREASE
	<u>2019</u>	<u>2018</u>	<u>(DECREASE)</u>
SAFETY AND SOUNDNESS			
Tangible Common Equity / Tangible Assets (a)	13.21%	13.98%	-5.51%
Nonperforming Assets / Total Assets	0.86%	1.30%	-33.85%
Allowance for Loan Losses / Total Loans	0.81%	1.07%	-24.30%
Total Risk Based Capital Ratio (b)	20.43%	23.88%	-13.48%
Tier 1 Risk Based Capital Ratio (b)	18.94%	22.76%	-15.55%
Common Equity Tier 1 Risk Based Capital Ratio (b)	18.94%	22.76%	-15.55%
Leverage Ratio (b)	13.11%	14.50%	-9.38%
AVERAGE BALANCES			
Average Assets	\$1,503,262	\$1,272,867	18.10%
Average Equity	\$224,874	\$187,056	20.22%
EFFICIENCY RATIO (c)			
<hr/>			
Net Interest Income on a Fully Taxable-Equivalent Basis (c)	\$41,009	\$34,692	18.21%
Noninterest Income	14,218	13,557	4.88%
<hr/>			
Total (1)	\$55,227	\$48,249	14.46%
Noninterest Expense Excluding Merger Expenses (2)	\$33,604	\$29,212	15.03%
<hr/>			
Efficiency Ratio = (2)/(1)	60.85%	60.54%	0.51%
<hr/>			

(a) Tangible book value per common share and tangible common equity as a percentage of tangible assets are non-U.S. GAAP ratios. Management believes this non-GAAP information is helpful in evaluating the strength of the Corporation's capital and in providing an alternative, conservative valuation of the Corporation's net worth. The ratios shown above are based on the following calculations of tangible assets and tangible common equity:

Total Assets	\$1,642,587	\$1,285,439
Less: Intangible Assets, Primarily Goodwill	(29,939)	(11,951)
<hr/>		
Tangible Assets	\$1,612,648	\$1,273,488
<hr/>		
Total Shareholders' Equity	\$242,939	\$189,987
Less: Intangible Assets, Primarily Goodwill	(29,939)	(11,951)
<hr/>		
Tangible Common Equity (3)	\$213,000	\$178,036
<hr/>		
Common Shares Outstanding, End of Period (4)	13,703,022	12,297,274
<hr/>		
Tangible Common Book Value per Share = (3)/(4)	\$15.54	\$14.48
<hr/>		

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

(c) 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 the Corporation's marginal federal income tax rate of 21%. In the calculation above, management excluded 2019 expenses of \$3.818 million related to the acquisition of Monument Bancorp, Inc. which closed on April 1, 2019. These expenses include costs associated with termination of data processing contracts, conversion of Monument's customer accounting data into the Corporation's core system, severance and similar expenses, professional fees and other expenses.

**QUARTERLY CONDENSED, CONSOLIDATED
INCOME STATEMENT INFORMATION**
(Dollars In Thousands, Except Per Share Data)
(Unaudited)

For the Three Months Ended:

	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018
Interest income	\$17,277	\$17,139	\$13,065	\$13,304	\$12,800	\$12,334	\$11,890
Interest expense	3,000	2,934	1,350	1,312	1,241	1,079	993
Net interest income	14,277	14,205	11,715	11,992	11,559	11,255	10,897
Provision (credit) for loan losses	1,158	(4)	(957)	252	60	(20)	292
Net interest income after provision (credit) for loan losses	13,119	14,209	12,672	11,740	11,499	11,275	10,605
Noninterest income	4,963	4,849	4,406	5,040	4,462	4,689	4,406
Net gains (losses) on securities	13	7	0	(4)	569	1,468	0
Merger-related expenses	206	3,301	311	127	200	0	0
Other noninterest expense	11,486	11,422	10,696	9,947	9,633	9,684	9,895
Income before income tax provision	6,403	4,342	6,071	6,702	6,697	7,748	5,116
Income tax provision	1,096	693	981	1,021	1,111	1,377	741
Net income	\$5,307	\$3,649	\$5,090	\$5,681	\$5,586	\$6,371	\$4,375
Net income attributable to common shares	\$5,281	\$3,630	\$5,063	\$5,654	\$5,558	\$6,339	\$4,352
Basic earnings per common share	\$0.39	\$0.27	\$0.41	\$0.46	\$0.45	\$0.52	\$0.36
Diluted earnings per common share	\$0.39	\$0.27	\$0.41	\$0.46	\$0.45	\$0.52	\$0.36

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

As of:

	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018
ASSETS							
Cash & Due from Banks	\$51,443	\$39,505	\$44,002	\$37,487	\$38,341	\$51,475	\$36,860
Available-for-Sale Debt Securities	363,467	363,465	357,646	363,273	358,706	348,044	341,133
Loans Held for Sale	2,033	1,131	0	213	551	177	225
Loans, Net	1,130,143	1,108,483	817,136	818,254	813,717	809,816	808,300
Intangible Assets	29,939	30,013	11,949	11,951	11,951	11,952	11,953
Other Assets	65,562	67,088	59,267	59,715	62,173	62,543	59,645
TOTAL ASSETS	\$1,642,587	\$1,609,685	\$1,290,000	\$1,290,893	\$1,285,439	\$1,284,007	\$1,258,116
LIABILITIES							
Deposits	\$1,294,882	\$1,284,143	\$1,039,911	\$1,033,772	\$1,043,947	\$1,040,899	\$1,018,081
Repo Sweep Accounts	3,767	3,192	5,132	5,853	5,421	5,169	5,482
Total Deposits and Repo Sweeps	1,298,649	1,287,335	1,045,043	1,039,625	1,049,368	1,046,068	1,023,563
Borrowed Funds	75,714	62,574	32,844	42,915	35,985	39,054	39,122
Subordinated Debt	7,000	7,000	0	0	0	0	0
Other Liabilities	18,285	13,060	9,986	10,985	10,099	9,706	9,049
TOTAL LIABILITIES	1,399,648	1,369,969	1,087,873	1,093,525	1,095,452	1,094,828	1,071,734
SHAREHOLDERS' EQUITY							
Common Shareholders' Equity, Excluding Accumulated Other Comprehensive Income (Loss)	238,479	236,284	202,768	201,538	198,355	195,518	191,920
Accumulated Other Comprehensive Income (Loss):							
Net Unrealized Gains (Losses) on Available-for-sale Securities	4,173	3,138	(941)	(4,307)	(8,502)	(6,476)	(5,679)
Defined Benefit Plans Adjustment, Net	287	294	300	137	134	137	141
TOTAL SHAREHOLDERS' EQUITY	242,939	239,716	202,127	197,368	189,987	189,179	186,382
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,642,587	\$1,609,685	\$1,290,000	\$1,290,893	\$1,285,439	\$1,284,007	\$1,258,116

AVAILABLE-FOR-SALE DEBT SECURITIES (In Thousands)	September 30, 2019		June 30, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of U.S. Government agencies	\$16,379	\$17,096	\$16,918	\$17,570	\$12,331	\$12,500
Obligations of states and political subdivisions:						
Tax-exempt	71,317	73,281	73,897	75,499	84,204	83,952
Taxable	31,907	33,086	30,591	31,509	27,618	27,699
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:						
Residential pass-through securities	62,051	62,245	55,098	55,141	54,827	53,445
Residential collateralized mortgage obligations	127,950	127,815	139,513	139,484	148,964	145,912
Commercial mortgage-backed securities	48,581	49,944	43,476	44,262	40,781	39,765
Total Available-for-Sale Debt Securities	\$358,185	\$363,467	\$359,493	\$363,465	\$368,725	\$363,273

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

	Sept. 30, 2019	June 30, 2019	Dec. 31, 2018	Sept. 30, 2018
Residential mortgage:				
Residential mortgage loans - first liens	\$487,425	\$484,479	\$372,339	\$366,516
Residential mortgage loans - junior liens	29,056	28,880	25,450	25,748
Home equity lines of credit	35,492	35,224	34,319	34,283
1-4 Family residential construction	32,699	27,994	24,698	27,661
Total residential mortgage	584,672	576,577	456,806	454,208
Commercial:				
Commercial loans secured by real estate	297,519	279,267	162,611	159,212
Commercial and industrial	115,213	115,264	91,856	91,472
Political subdivisions	46,466	52,308	53,263	53,294
Commercial construction and land	22,386	21,197	11,962	12,278
Loans secured by farmland	7,103	7,251	7,146	7,208
Multi-family (5 or more) residential	27,633	26,749	7,180	7,670
Agricultural loans	5,145	5,234	5,659	5,670
Other commercial loans	12,828	13,037	13,950	14,140
Total commercial	534,293	520,307	353,627	350,944
Consumer	20,435	19,799	17,130	17,380
Total	1,139,400	1,116,683	827,563	822,532
Less: allowance for loan losses	(9,257)	(8,200)	(9,309)	(8,815)
Loans, net	\$1,130,143	\$1,108,483	\$818,254	\$813,717

**Loans Held for Sale
(In Thousands)**

	Sept. 30, 2019	June 30, 2019	Dec. 31, 2018	Sept. 30, 2018
Residential mortgage loans originated and serviced - outstanding balance	\$179,594	\$174,041	\$171,955	\$172,067
Less: outstanding balance of loans sold	(177,561)	(172,910)	(171,742)	(171,516)
Loans held for sale, net	\$2,033	\$1,131	\$213	\$551

ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES
(In Thousands)

	3 Months Ended Sept. 30, 2019	3 Months Ended June 30, 2019	9 Months Ended Sept. 30, 2019	9 Months Ended Sept. 30, 2018
Balance, beginning of period	\$8,200	\$8,256	\$9,309	\$8,856
Charge-offs	(116)	(68)	(295)	(418)
Recoveries	15	16	46	45
Net charge-offs	(101)	(52)	(249)	(373)
Provision (credit) for loan losses	1,158	(4)	197	332
Balance, end of period	\$9,257	\$8,200	\$9,257	\$8,815

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

	Sept. 30, 2019	June 30, 2019	Dec 31, 2018	Sept. 30, 2018
Impaired loans with a valuation allowance	\$3,027	\$1,785	\$4,851	\$3,623
Impaired loans without a valuation allowance	2,916	4,479	4,923	4,455
Total impaired loans	\$5,943	\$6,264	\$9,774	\$8,078
Total loans past due 30-89 days and still accruing	\$5,230	\$4,407	\$7,142	\$4,455
Nonperforming assets:				
Total nonaccrual loans	\$9,020	\$9,289	\$13,113	\$10,911
Total loans past due 90 days or more and still accruing	2,395	2,631	2,906	3,124
Total nonperforming loans	11,415	11,920	16,019	14,035
Foreclosed assets held for sale (real estate)	2,762	3,305	1,703	2,678
Total nonperforming assets	\$14,177	\$15,225	\$17,722	\$16,713
Loans subject to troubled debt restructurings (TDRs):				
Performing	\$924	\$972	\$655	\$698
Nonperforming	1,744	489	2,884	2,925
Total TDRs	\$2,668	\$1,461	\$3,539	\$3,623
Total nonperforming loans as a % of loans	1.00%	1.07%	1.94%	1.71%
Total nonperforming assets as a % of assets	0.86%	0.95%	1.37%	1.30%
Allowance for loan losses as a % of total loans (1)	0.81%	0.73%	1.12%	1.07%
Allowance for loan losses as a % of nonperforming loans	81.10%	68.79%	58.11%	62.81%

- (1) Effective April 1, 2019, C&N recorded loans purchased from Monument at fair value. Loans identified as having a deterioration in credit quality were valued at \$441,000 at April 1, 2019 and September 30, 2019. The remainder of the portfolio was determined to be the performing component of the portfolio, valued at \$258,854,000 at April 1, 2019. The calculation of fair value included a discount for credit losses of \$1,914,000, reflecting an estimate of the present value of credit losses based on market expectations. None of the performing loans purchased were found to be impaired in the second or third quarters 2019; accordingly, there was no allowance for loan losses on loans purchased from Monument at June 30, 2019 or September 30, 2019.

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

	3 Months Ended 9/30/2019 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 6/30/2019 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 9/30/2018 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS						
Interest-bearing due from banks	\$26,539	2.38%	\$22,398	2.67%	\$34,540	1.99%
Available-for-sale debt securities, at amortized cost:						
Taxable	285,114	2.41%	289,041	2.53%	269,054	2.39%
Tax-exempt	69,472	3.34%	73,928	3.60%	93,475	3.63%
Total available-for-sale debt securities	354,586	2.59%	362,969	2.75%	362,529	2.71%
Loans receivable:						
Taxable	1,062,578	5.38%	1,035,672	5.46%	744,793	5.20%
Tax-exempt	67,741	3.74%	69,571	3.78%	75,639	3.70%
Total loans receivable	1,130,319	5.28%	1,105,243	5.35%	820,432	5.06%
Other earning assets	1,515	2.88%	1,423	3.10%	1,124	2.82%
Total Earning Assets	1,512,959	4.60%	1,492,033	4.68%	1,218,625	4.27%
Cash	22,341		20,325		18,697	
Unrealized gain/loss on securities	4,915		(101)		(8,641)	
Allowance for loan losses	(8,322)		(8,378)		(8,984)	
Bank premises and equipment	16,103		16,214		15,023	
Intangible assets	29,986		30,040		11,953	
Other assets	48,276		49,935		44,675	
Total Assets	\$1,626,258		\$1,600,068		\$1,291,348	
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Interest checking	\$232,549	0.62%	\$218,731	0.58%	\$223,105	0.49%
Money market	200,873	0.52%	199,092	0.51%	185,267	0.33%
Savings	170,583	0.15%	173,922	0.17%	153,514	0.10%
Time deposits	385,538	1.82%	383,361	1.80%	233,620	0.95%
Total interest-bearing deposits	989,543	0.99%	975,106	0.97%	795,506	0.52%
Borrowed funds:						
Short-term	25,823	2.24%	37,279	2.45%	13,062	1.18%
Long-term	48,953	2.24%	35,167	2.60%	30,375	2.21%
Subordinated debt	6,998	6.58%	7,000	6.59%	0	0.00%
Total borrowed funds	81,774	2.62%	79,446	2.88%	43,437	1.90%
Total Interest-bearing Liabilities	1,071,317	1.11%	1,054,552	1.12%	838,943	0.59%
Demand deposits	300,183		294,112		252,093	
Other liabilities	13,584		15,454		11,147	
Total Liabilities	1,385,084		1,364,118		1,102,183	
Stockholders' equity, excluding accumulated other comprehensive income/loss	237,000		235,733		195,854	
Accumulated other comprehensive income/loss	4,174		217		(6,689)	
Total Shareholders' Equity	241,174		235,950		189,165	
Total Liabilities and Shareholders' Equity	\$1,626,258		\$1,600,068		\$1,291,348	
Interest Rate Spread		3.49%		3.56%		3.68%
Net Interest Income/Earning Assets		3.81%		3.89%		3.87%
 Total Deposits (Interest-bearing and Demand)	 \$1,289,726		 \$1,269,218		 \$1,047,599	

(1) Annualized rates of return on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21%.

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

(3) Rates of return on earning assets and costs of funds have been presented on an annualized basis.

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

	9 Months Ended 9/30/2019 Average Balance	Rate of Return/ Cost of Funds %	9 Months Ended 9/30/2018 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS				
Interest-bearing due from banks	\$23,104	2.45%	\$23,727	1.80%
Available-for-sale debt securities, at amortized cost:				
Taxable	285,332	2.53%	255,638	2.28%
Tax-exempt	74,469	3.58%	99,782	3.55%
Total available-for-sale debt securities	359,801	2.75%	355,420	2.64%
Loans receivable:				
Taxable	950,948	5.41%	744,461	5.12%
Tax-exempt	69,944	3.83%	76,497	3.69%
Total loans receivable	1,020,892	5.30%	820,958	4.99%
Other earning assets	1,344	3.08%	1,158	2.89%
Total Earning Assets	1,405,141	4.60%	1,201,263	4.23%
Cash	19,880		17,867	
Unrealized gain/loss on securities	97		(7,482)	
Allowance for loan losses	(8,676)		(9,049)	
Bank premises and equipment	15,615		15,298	
Intangible assets	24,058		11,953	
Other assets	47,147		43,017	
Total Assets	\$1,503,262		\$1,272,867	
INTEREST-BEARING LIABILITIES				
Interest-bearing deposits:				
Interest checking	\$216,851	0.56%	\$217,935	0.41%
Money market	192,366	0.48%	181,972	0.27%
Savings	167,116	0.14%	151,946	0.10%
Time deposits	332,651	1.65%	227,419	0.87%
Total interest-bearing deposits	908,984	0.86%	779,272	0.45%
Borrowed funds:				
Short-term	26,382	2.30%	29,515	1.45%
Long-term	39,655	2.44%	21,931	2.15%
Subordinated debt	4,692	6.58%	0	0.00%
Total borrowed funds	70,729	2.66%	51,446	1.75%
Total Interest-bearing Liabilities	979,713	0.99%	830,718	0.53%
Demand deposits	285,339		245,463	
Other liabilities	13,336		9,630	
Total Liabilities	1,278,388		1,085,811	
Stockholders' equity, excluding accumulated other comprehensive income/loss				
other comprehensive income/loss	224,519		192,807	
Accumulated other comprehensive income/loss	355		(5,751)	
Total Shareholders' Equity	224,874		187,056	
Total Liabilities and Shareholders' Equity	\$1,503,262		\$1,272,867	
Interest Rate Spread		3.61%		3.70%
Net Interest Income/Earning Assets		3.90%		3.86%
 Total Deposits (Interest-bearing and Demand)	 \$1,194,323		 \$1,024,735	

(1) Annualized rates of return on tax-exempt securities and loans are presented on a fully taxable-equivalent basis, using the Corporation's marginal federal income tax rate of 21% in 2018.

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

(3) Rates of return on earning assets and costs of funds have been presented on an annualized basis.

COMPARISON OF NONINTEREST INCOME
(In Thousands)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2019	June 30, 2019	Sept. 30, 2018	Sept. 30, 2019	Sept. 30, 2018
Trust and financial management revenue	\$1,479	\$1,583	\$1,427	\$4,422	\$4,375
Brokerage revenue	333	361	235	1,001	718
Insurance commissions, fees and premiums	71	48	15	149	72
Service charges on deposit accounts	1,436	1,277	1,331	3,963	3,837
Service charges and fees	91	89	95	259	263
Interchange revenue from debit card transactions	722	699	660	2,064	1,880
Net gains from sales of loans	310	221	164	618	514
Loan servicing fees, net	(54)	35	74	9	263
Increase in cash surrender value of life insurance	105	99	100	296	295
Other noninterest income	470	437	361	1,437	1,340
Total noninterest income, excluding realized gains (losses) on securities, net	\$4,963	\$4,849	\$4,462	\$14,218	\$13,557

COMPARISON OF NONINTEREST EXPENSE
(In Thousands)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2019	June 30, 2019	Sept. 30, 2018	Sept. 30, 2019	Sept. 30, 2018
Salaries and wages	\$5,480	\$5,276	\$4,263	\$15,249	\$12,580
Pensions and other employee benefits	1,449	1,225	1,237	4,292	4,047
Occupancy expense, net	654	665	648	1,976	1,898
Furniture and equipment expense	333	333	317	967	901
Data processing expenses	802	962	667	2,567	2,002
Automated teller machine and interchange expense	297	277	347	763	988
Pennsylvania shares tax	341	347	326	1,035	998
Professional fees	242	331	205	795	860
Telecommunications	197	176	177	537	567
Directors' fees	162	141	197	486	549
Other noninterest expense	1,529	1,689	1,249	4,937	3,822
Total noninterest expense, excluding merger-related expenses	11,486	11,422	9,633	33,604	29,212
Merger-related expenses	206	3,301	200	3,818	200
Total noninterest expense	\$11,692	\$14,723	\$9,833	\$37,422	\$29,412