

 **CITIZENS & NORTHERN CORPORATION**

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E-Mail: cnemail@cnbankpa.com Web Page: <http://www.cnbankpa.com>
Stock Symbol: CZNC

Chartered 1864

FEDERAL DEPOSIT INSURANCE CORP

September 30, 2012

QUARTERLY REPORT

I am pleased to again report strong financial results for the third quarter of 2012. Net income for the quarter was \$5,494,000 and \$16,766,000 year-to-date which equates to a superior Return on Average Assets (ROAA) of 1.70% and Return on Average Equity (ROAE) of 12.85%.

You will note that during the third quarter 2012, C&N generated gains from sales of securities totaling \$2,430,000, and also incurred a loss from prepayment of borrowings totaling \$2,190,000. The security gains were mainly the result of the sale of a previously written off trust-preferred security and the sale mainly of bank stocks. During the quarter the bank prepaid \$12,000,000 of long-term borrowings (repurchase agreements) resulting in the loss previously mentioned. Management estimates the effect on the net interest margin for the next several quarters of prepaying the borrowings, as opposed to reinvesting in securities at current market yields, will be a benefit of approximately 0.05%.

I am proud to announce that Citizens & Northern Bank has been ranked Number One in the nation by Bank Director Magazine's 2012 Bank Performance Scorecard. C&N placed first out of 195 publicly traded financial institutions in the \$1 billion - \$5 billion category. The 2012 Bank Performance Scorecard uses five key metrics that measure profitability (core return on average assets and core return on average equity); and asset quality (ratio of nonperforming assets to loans and real estate owned, and ratio of net charge offs to average loans). You can read the article and view all of the rankings here: <http://www.bankdirector.com/index.php/magazine/archives/3rd-quarter-2012/>.

Trust assets under management have grown 19.31% to \$707,571,000 over the past year, reflecting the effect of new accounts as well as net appreciation in asset values.

The market value of Citizens & Northern Corporation (CZNC) stock closed the quarter at \$19.61 which represents a 31.97% increase over the past twelve months. The stock was trading at 143.03% of tangible common book value.

A weak economy, a prolonged duration of historically low interest rates, increased regulatory costs due to Dodd-Frank and uncertain future tax policy are just a few of the headwinds facing our industry. Citizens & Northern, with its strong capital base, solid earnings history and dedicated workforce is well positioned to deal with the challenges.

I solicit your continued support and welcome your questions.

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

**CITIZENS & NORTHERN CORPORATION
BOARD OF DIRECTORS**

Charles H. Updegraff, Jr. - Chairman

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CITIZENS & NORTHERN BANK

1-877-838-2517

OFFICES

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
135 East Fourth Street, **EMPORIUM**, PA 15834
6250 County Route 64, **HORNELL, NY** 14843
230-232 Railroad Street, **JERSEY SHORE**, PA 17740
102 E. Main Street, **KNOXVILLE**, PA 16928
514 Main Street, **LAPORTE**, PA 18626
4534 Williamson Trail **LIBERTY**, PA 16930
1085 S. Main Street, **MANSFIELD**, PA 16933
612 James Monroe Avenue, **MONROETON**, PA 18832
3461 Rte.405 Highway, **MUNCY**, PA 17756
100 Maple Street, **PORT ALLEGANY**, PA 16743
24 Thompson Street, **RALSTON**, PA 17763
1827 Elmira Street, **SAYRE**, PA 18840
2 E. Mountain Ave., **SO. WILLIAMSPORT**, PA 17702
41 Main Street, **TIOGA**, PA 16946
428 Main Street, **TOWANDA**, PA 18848
Court House Square, **TROY**, PA 16947
90-92 Main Street, **WELLSBORO**, PA 16901
130 Court Street, **WILLIAMSPORT**, PA 17701
1510 Dewey Ave., **WILLIAMSPORT**, PA 17702
Route 6, **WYSOX**, PA 18854

TRUST & FINANCIAL MANAGEMENT GROUP

3 Main Street, Canisteo , NY 14823	607-698-4295
10 N Main Street, Coudersport , PA 16915	800-921-9150
1827 Elmira Street, Sayre , PA 18840	888-760-8192
428 Main Street, Towanda , PA 18848	888-987-8784
90-92 Main Street, Wellsboro , PA 16901	888-487-8784
130 Court Street, Williamsport , PA 17701	866-732-7213

ACCOUNT SERVICES - 90-92 Main St., Wellsboro, PA 16901

BANKCARD SERVICES - 90-92 Main St., Wellsboro PA 16901

ELECTRONIC BANKING – 10 Nichols St., Wellsboro, PA 16901

www.cnbankpa.com

800-577-8001

877-838-2517

C&N FINANCIAL SERVICES CORPORATION – 90-92 Main Street, Wellsboro, PA

www.cnfinancialservices.com

866-ASK-CNFS

CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

	3RD QUARTER 2012 <u>(Current)</u>	2ND QUARTER 2012 <u>(Prior Qtr)</u>	3RD QUARTER 2011 <u>(Prior Yr)</u>	9 MONTHS ENDED SEPT. 2012 <u>(Current)</u>	2011 <u>(Prior Yr)</u>
Interest and Dividend Income	\$13,836	\$14,529	\$15,317	\$43,141	\$46,058
Interest Expense	2,228	2,401	3,108	7,131	10,752
Net Interest Income	11,608	12,128	12,209	36,010	35,306
Provision (Credit) for Loan Losses	236	367	(37)	421	(198)
Net Interest Income After Provision (Credit) for Loan Losses	11,372	11,761	12,246	35,589	35,504
Other Income	4,103	4,095	3,999	11,957	10,227
Net Gains on Available-for-sale Securities	2,430	203	26	2,631	2,028
Loss on Prepayment of Borrowings	2,190	143	0	2,333	0
Other Noninterest Expenses	8,207	8,137	8,052	24,861	24,109
Income Before Income Tax Provision	7,508	7,779	8,219	22,983	23,650
Income Tax Provision	2,014	2,094	2,230	6,217	6,423
Net Income	\$5,494	\$5,685	\$5,989	\$16,766	\$17,227

PER COMMON SHARE DATA:

Net Income – Basic	\$0.45	\$0.46	\$0.49	\$1.37	\$1.42
Net Income - Diluted	\$0.45	\$0.46	\$0.49	\$1.37	\$1.42
Dividend Per Share	\$0.22	\$0.20	\$0.15	\$0.60	\$0.42
Number Shares Used in Computation - Basic	12,244,797	12,225,808	12,150,910	12,225,895	12,167,563
Number Shares Used in Computation - Diluted	12,270,685	12,242,833	12,153,861	12,252,357	12,170,611

CONDENSED, CONSOLIDATED BALANCE SHEET DATA

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

	SEPT. 30, 2012	JUNE 30, 2012	SEPT. 30, 2011
ASSETS			
Cash & Due from Banks	\$42,496	\$69,158	\$55,754
Available-for-sale Securities	487,314	478,368	472,113
Loans Held for Sale	3,846	3,190	1,218
Loans, Net	690,357	696,777	697,702
Intangible Assets	12,098	12,117	12,182
Other Assets	73,898	67,917	73,085
TOTAL ASSETS	\$1,310,009	\$1,327,527	\$1,312,054
LIABILITIES			
Deposits	1,013,010	1,029,456	995,730
Repo Sweep Accounts	4,657	4,242	19,234
Total Deposits and Repo Sweeps	1,017,667	1,033,698	1,014,964
Borrowed Funds	104,954	110,038	128,024
Other Liabilities	7,242	7,729	7,856
TOTAL LIABILITIES	1,129,863	1,151,465	1,150,844
SHAREHOLDERS' EQUITY			
Common Shareholders' Equity, Excluding Accumulated Other Comprehensive Income (Loss)	168,320	165,008	152,726
Accumulated Other Comprehensive Income (Loss):			
Net Unrealized Gains/Losses on			
Available-for-sale Securities	12,278	11,519	8,787
Defined Benefit Plans	(452)	(465)	(303)
TOTAL SHAREHOLDERS' EQUITY	180,146	176,062	161,210
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,310,009	\$1,327,527	\$1,312,054

CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS

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

	9 MONTHS ENDED		%
	SEPT. 30,		INCREASE
	<u>2012</u>	<u>2011</u>	<u>(DECREASE)</u>
EARNINGS PERFORMANCE			
Net Income	\$16,766	\$17,227	-2.68%
Return on Average Assets	1.70%	1.75%	-2.86%
Return on Average Equity	12.85%	15.37%	-16.40%
BALANCE SHEET HIGHLIGHTS			
Total Assets	\$1,310,009	\$1,312,054	-0.16%
Available-for-Sale Securities	487,314	472,113	3.22%
Loans (Net)	690,357	697,702	-1.05%
Allowance for Loan Losses	7,792	8,177	-4.71%
Deposits and Repo Sweep Accounts	1,017,667	1,014,964	0.27%
Trust Assets Under Management	707,571	593,034	19.31%
SHAREHOLDERS' VALUE (PER COMMON SHARE)			
Net Income - Basic	\$1.37	\$1.42	-3.52%
Net Income - Diluted	\$1.37	\$1.42	-3.52%
Dividends	\$0.60	\$0.42	42.86%
Common Book Value	\$14.70	\$13.28	10.69%
Tangible Common Book Value	\$13.71	\$12.28	11.64%
Market Value (Last Trade)	\$19.61	\$14.86	31.97%
Market Value / Common Book Value	133.40%	111.90%	19.22%
Market Value / Tangible Common Book Value	143.03%	121.01%	18.20%
Price Earnings Multiple	10.74	7.85	36.82%
Dividend Yield	4.08%	3.77%	8.22%
SAFETY AND SOUNDNESS			
Tangible Common Equity / Tangible Assets	12.95%	11.46%	13.00%
Nonperforming Assets / Total Assets	0.79%	0.80%	-1.25%
Allowance for Loan Losses / Total Loans	1.12%	1.16%	-3.45%
Total Risk Based Capital Ratio (a)	22.96%	20.16%	13.89%
Tier 1 Risk Based Capital Ratio (a)	21.72%	18.92%	14.80%
Leverage Ratio (a)	12.04%	10.54%	14.23%
AVERAGE BALANCES			
Average Assets	\$1,311,347	\$1,312,736	-0.11%
Average Equity	\$174,002	\$149,397	16.47%

(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, 2012		June 30, 2012		December 31, 2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of U.S. Government agencies	\$23,181	\$23,844	\$23,244	\$23,916	\$24,877	\$25,587
Obligations of states and political subdivisions:						
Tax-exempt	134,651	141,519	135,736	141,140	129,401	132,962
Taxable	21,766	22,244	19,524	19,924	14,004	14,334
Mortgage-backed securities	85,750	90,357	103,801	108,426	116,602	121,769
Collateralized mortgage obligations,						
Issued by U.S. Government agencies	188,169	191,945	162,780	165,923	161,818	165,131
Trust preferred securities issued by individual institutions	6,173	6,221	6,179	6,221	7,334	8,146
Collateralized debt obligations:						
Pooled trust preferred securities - senior tranches	2,515	2,496	2,516	2,386	4,996	4,638
Pooled trust preferred securities - mezzanine tranches	0	0	0	1,146	0	730
Other collateralized debt obligations	660	660	660	660	660	660
Total debt securities	462,865	479,286	454,440	469,742	459,692	473,957
Marketable equity securities	5,562	8,028	6,208	8,626	5,643	7,728
Total	\$468,427	\$487,314	\$460,648	\$478,368	\$465,335	\$481,685

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

	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Residential mortgage:				
Residential mortgage loans - first liens	\$317,734	\$321,163	\$331,015	\$334,551
Residential mortgage loans - junior liens	27,084	27,404	28,851	29,748
Home equity lines of credit	32,550	31,858	30,037	29,667
1-4 Family residential construction	13,038	10,699	9,959	9,762
Total residential mortgage	390,406	391,124	399,862	403,728
Commercial:				
Commercial loans secured by real estate	163,773	164,771	156,388	149,853
Commercial and industrial	49,405	52,704	57,191	55,792
Political subdivisions	35,549	36,858	37,620	36,403
Commercial construction and land	27,307	26,517	23,518	26,552
Loans secured by farmland	10,328	10,079	10,949	10,470
Multi-family (5 or more) residential	6,109	6,409	6,583	6,782
Agricultural loans	3,181	3,263	2,987	2,819
Other commercial loans	329	563	552	561
Total commercial	295,981	301,164	295,788	289,232
Consumer	11,762	12,146	12,665	12,919
Total	698,149	704,434	708,315	705,879
Less: allowance for loan losses	(7,792)	(7,657)	(7,705)	(8,177)
Loans, net	\$690,357	\$696,777	\$700,610	\$697,702

Loans Held for Sale
(In Thousands)

	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Residential mortgage loans originated and serviced - outstanding balance	\$87,051	\$74,070	\$57,577	\$46,130
Less: outstanding balance of loans sold	(83,205)	(70,880)	(56,638)	(44,912)
Loans held for sale, net	\$3,846	\$3,190	\$939	\$1,218

ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES
(In Thousands)

	3 Months Ended Sept. 30, 2012	3 Months Ended June 30, 2012	9 Months Ended Sept. 30, 2012	9 Months Ended Sept. 30, 2011
Balance, beginning of period	\$7,657	\$7,370	\$7,705	\$9,107
Charge-offs	(113)	(115)	(404)	(967)
Recoveries	12	35	70	235
Net charge-offs	(101)	(80)	(334)	(732)
Provision (credit) for loan losses	236	367	421	(198)
Balance, end of period	\$7,792	\$7,657	\$7,792	\$8,177

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

	Sept. 30, 2012	June 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Impaired loans with a valuation allowance	\$4,119	\$3,434	\$3,433	\$3,978
Impaired loans without a valuation allowance	3,718	3,427	4,431	3,807
Total impaired loans	\$7,837	\$6,861	\$7,864	\$7,785
Total loans past due 30-89 days and still accruing	\$6,001	\$5,191	\$7,898	\$5,142
Nonperforming assets:				
Total nonaccrual loans	\$7,269	\$7,447	\$7,197	\$7,890
Total loans past due 90 days or more and still accruing	2,260	1,144	1,267	1,055
Total nonperforming loans	9,529	8,591	8,464	8,945
Foreclosed assets held for sale (real estate)	839	904	1,235	1,596
Total nonperforming assets	\$10,368	\$9,495	\$9,699	\$10,541
Loans subject to troubled debt restructurings (TDRs):				
Performing	\$916	\$925	\$1,064	\$1,072
Nonperforming	1,753	1,754	2,413	2,874
Total TDRs	\$2,669	\$2,679	\$3,477	\$3,946
Total nonperforming loans as a % of loans	1.36%	1.22%	1.19%	1.27%
Total nonperforming assets as a % of assets	0.79%	0.72%	0.73%	0.80%
Allowance for loan losses as a % of total loans	1.12%	1.09%	1.09%	1.16%
Allowance for loan losses as a % of nonperforming loans	81.77%	89.13%	91.03%	91.41%

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

	3 Months Ended 9/30/2012 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 6/30/2012 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 9/30/2011 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS						
Available-for-sale securities, at amortized cost:						
Taxable	\$339,639	2.46%	\$333,255	3.13%	\$333,848	3.38%
Tax-exempt	135,362	5.69%	130,111	5.94%	127,974	5.94%
Total available-for-sale securities	475,001	3.38%	463,366	3.92%	461,822	4.09%
Interest-bearing due from banks	33,929	0.36%	37,300	0.33%	27,884	0.18%
Loans held for sale	4,293	3.89%	1,865	4.96%	595	6.00%
Loans receivable:						
Taxable	662,374	6.00%	666,752	6.18%	679,280	6.30%
Tax-exempt	37,696	6.32%	36,344	6.31%	34,630	6.37%
Total loans receivable	700,070	6.02%	703,096	6.18%	713,910	6.31%
Total Earning Assets	1,213,293	4.82%	1,205,627	5.13%	1,204,211	5.31%
Cash	17,466		17,791		18,601	
Unrealized gain/loss on securities	19,310		17,545		10,312	
Allowance for loan losses	(7,727)		(7,435)		(8,372)	
Bank premises and equipment	19,106		18,908		21,682	
Intangible Asset - Core Deposit Intangible	165		186		256	
Intangible Asset - Goodwill	11,942		11,942		11,942	
Other assets	46,102		47,046		52,637	
Total Assets	\$1,319,657		\$1,311,610		\$1,311,269	
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Interest checking	\$166,961	0.12%	\$156,994	0.13%	\$158,849	0.22%
Money market	210,269	0.16%	210,646	0.19%	206,826	0.20%
Savings	110,133	0.10%	107,514	0.10%	98,434	0.13%
Certificates of deposit	199,250	1.47%	199,320	1.55%	207,822	1.85%
Individual Retirement Accounts	141,421	0.73%	144,095	0.91%	151,910	1.51%
Other time deposits	1,768	0.00%	1,314	0.31%	1,813	0.00%
Total interest-bearing deposits	829,802	0.56%	819,883	0.62%	825,654	0.85%
Borrowed funds:						
Short-term	5,369	0.15%	5,650	0.07%	19,935	0.12%
Long-term	105,811	4.02%	113,301	4.01%	130,980	4.02%
Total borrowed funds	111,180	3.83%	118,951	3.82%	150,915	3.50%
Total Interest-bearing Liabilities	940,982	0.94%	938,834	1.03%	976,569	1.26%
Demand deposits	191,301		191,349		170,111	
Other liabilities	8,967		7,774		7,761	
Total Liabilities	1,141,250		1,137,957		1,154,441	
Stockholders' equity, excluding						
other comprehensive income/loss	166,318		162,721		150,332	
Other comprehensive income/loss	12,089		10,932		6,496	
Total Stockholders' Equity	178,407		173,653		156,828	
Total Liabilities and Stockholders' Equity	\$1,319,657		\$1,311,610		\$1,311,269	
Interest Rate Spread		3.88%		4.10%		4.05%
Net Interest Income/Earning Assets		4.09%		4.33%		4.29%
Total Deposits (Interest-bearing and Demand)	\$1,021,103		\$1,011,232		\$995,765	

(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% in 2012 and 34% in 2011.

(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 9/30/2012 Average Balance	Rate of Return/ Cost of Funds %	9 Months Ended 9/30/2011 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS				
Available-for-sale securities, at amortized cost:				
Taxable	\$334,652	2.96%	\$332,105	3.43%
Tax-exempt	131,083	5.88%	127,669	6.01%
Total available-for-sale securities	465,735	3.79%	459,774	4.14%
Interest-bearing due from banks	35,183	0.34%	29,659	0.20%
Loans held for sale	2,412	4.10%	882	5.46%
Loans receivable:				
Taxable	665,011	6.15%	682,593	6.36%
Tax-exempt	36,756	6.33%	34,835	6.40%
Total loans receivable	701,767	6.16%	717,428	6.36%
Total Earning Assets	1,205,097	5.07%	1,207,743	5.37%
Cash	17,383		17,745	
Unrealized gain/loss on securities	18,263		5,216	
Allowance for loan losses	(7,634)		(8,834)	
Bank premises and equipment	18,971		22,087	
Intangible Asset - Core Deposit Intangible	185		286	
Intangible Asset - Goodwill	11,942		11,942	
Other assets	47,140		56,551	
Total Assets	\$1,311,347		\$1,312,736	
INTEREST-BEARING LIABILITIES				
Interest-bearing deposits:				
Interest checking	\$161,845	0.13%	\$163,024	0.28%
Money market	208,932	0.18%	205,856	0.26%
Savings	107,403	0.10%	95,648	0.19%
Certificates of deposit	196,840	1.58%	208,418	1.93%
Individual Retirement Accounts	143,910	0.87%	156,531	2.33%
Other time deposits	1,343	0.10%	1,376	0.19%
Total interest-bearing deposits	820,273	0.62%	830,853	1.06%
Borrowed funds:				
Short-term	6,144	0.13%	18,747	0.14%
Long-term	111,552	4.01%	137,321	4.01%
Total borrowed funds	117,696	3.80%	156,068	3.55%
Total Interest-bearing Liabilities	937,969	1.02%	986,921	1.46%
Demand deposits	190,644		169,340	
Other liabilities	8,732		7,078	
Total Liabilities	1,137,345		1,163,339	
Stockholders' equity, excluding				
other comprehensive income/loss	162,627		146,248	
Other comprehensive income/loss	11,375		3,149	
Total Stockholders' Equity	174,002		149,397	
Total Liabilities and Stockholders' Equity	\$1,311,347		\$1,312,736	
Interest Rate Spread		4.05%		3.91%
Net Interest Income/Earning Assets		4.28%		4.18%
 Total Deposits (Interest-bearing and Demand)	 \$1,010,917		 \$1,000,193	

(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% in 2012 and 34% in 2011.

(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, 2012	June 30, 2012	Sept. 30, 2011	Sept. 30, 2012	Sept. 30, 2011
Service charges on deposit accounts	\$1,290	\$1,256	\$1,230	\$3,707	\$3,586
Service charges and fees	239	235	218	694	643
Trust and financial management revenue	873	960	785	2,762	2,608
Brokerage revenue	197	288	199	653	551
Insurance commissions, fees and premiums	62	73	66	169	192
Interchange revenue from debit card transactions	477	488	490	1,460	1,427
Net gains from sales of loans	625	373	263	1,263	677
Increase in cash surrender value of life insurance	111	117	127	347	381
Net (loss) gain from other real estate	(19)	(184)	51	(99)	8
Net gain from premises and equipment	1	270	324	271	324
Impairment loss on limited partnership investment	0	0	0	0	(948)
Other operating income	247	219	246	730	778
Total other operating income, before realized gains on available-for-sale securities, net	\$4,103	\$4,095	\$3,999	\$11,957	\$10,227

COMPARISON OF NONINTEREST EXPENSE
(In Thousands)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2012	June 30, 2012	Sept. 30, 2011	Sept. 30, 2012	Sept. 30, 2011
Salaries and wages	\$3,594	\$3,586	\$3,451	\$10,755	\$10,321
Pensions and other employee benefits	982	1,090	1,020	3,438	3,344
Occupancy expense, net	610	628	641	1,874	2,038
Furniture and equipment expense	475	461	498	1,418	1,435
FDIC Assessments	165	157	174	468	688
Pennsylvania shares tax	339	340	345	1,011	984
Other operating expense	2,042	1,875	1,923	5,897	5,299
Total noninterest expense, before loss on prepayment of borrowings	8,207	8,137	8,052	24,861	24,109
Loss on prepayment of borrowings	2,190	143	0	2,333	0
Total Noninterest Expense	\$10,397	\$8,280	\$8,052	\$27,194	\$24,109