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**C&N ANNOUNCES THIRD QUARTER 2015 UNAUDITED FINANCIAL RESULTS
FOR IMMEDIATE RELEASE:**

Wellsboro, PA – Citizens & Northern Corporation (C&N) announced its unaudited, consolidated financial results for the three-month and nine-month periods ended September 30, 2015.

Third quarter 2015 net income was \$0.35 per basic and diluted share, as compared to \$0.36 in the second quarter 2015 and \$0.34 in the third quarter 2014. For the nine months ended September 30, 2015, net income per basic share was \$1.02, and net income per diluted share was \$1.01, as compared to \$1.02 per basic and diluted share for the first nine months of 2014. The return on average assets for the first nine months of 2015 was 1.32%, and the return on average equity was 8.78%.

Highlights related to C&N's earnings results were as follows:

- Net interest income was \$10,008,000 in the third quarter 2015, flat as compared to \$10,010,000 in the second quarter 2015 and down \$277,000 (2.7%) from the third quarter 2014 amount. For the first nine months of 2015, net interest income of \$29,968,000 was down \$708,000 (2.3%) from the first nine months of 2014. The net interest margin was 3.66% in the third quarter 2015 as compared to 3.69% in the second quarter 2015 and 3.75% in the third quarter 2014, and the net interest margin of 3.69% for the first nine months of 2015 was down from 3.82% in the first nine months of 2014. The decrease in margin in 2015 has resulted from reductions in yields on earning assets, mainly loans and available-for-sale securities, accompanied by a smaller decrease in average rates paid on deposits and borrowed funds.
- The provision for loan losses was \$302,000 in the third quarter 2015, up from \$221,000 in the second quarter 2015 and \$218,000 in the third quarter 2014. For the first nine months of 2015, the provision for loan losses totaled \$526,000, up from \$353,000 for the first nine months of 2014. The higher provision for loan losses in the third quarter and first nine months of 2015 reflects an increase in loans outstanding, which resulted in an increase in the collectively determined portion of the allowance for loan losses.
- Noninterest revenue was \$3,961,000 in the third quarter 2015, flat as compared to \$3,962,000 in the second quarter 2015 and up 1.9% from the third quarter 2014 amount. Noninterest revenue totaled \$11,410,000 for the first nine months of 2015, down \$208,000 (1.8%) from the corresponding period in 2014. Fluctuations in noninterest revenue in the third quarter 2015 as compared to the second quarter included an increase in gains from sales of residential mortgage loans of \$60,000, a comparative increase of \$46,000 as the fair value of servicing rights increased \$13,000 in the third quarter 2015 while the fair value had decreased \$33,000 in the prior quarter, and a net reduction in revenue from Trust and brokerage services of \$109,000, reflecting the effects of timing as well as a reduction in fair value of assets under management in the most recent quarter due mainly to overall declines in values of U.S. equities. The most significant changes in components of noninterest revenue for the first nine months of 2015 as compared to the corresponding period in 2014 included the following: (1) decrease of \$183,000 (4.8%) in service charges on deposit accounts, primarily as a result of lower overdraft fees; (2) reduction of \$172,000 as the fair value of servicing rights declined \$137,000 in the first nine months of 2015 as compared to an increase in fair value of \$35,000 in the first nine months of 2014; (3) net increase in revenues from Trust and brokerage services of \$111,000 (2.8%); and (4) an increase in other operating income of \$79,000, including an increase of \$39,000 in dividends from Federal Home Loan Bank of Pittsburgh stock and an increase of \$30,000 in revenue from merchant services.

- Realized gains from securities totaled \$79,000 in the third quarter 2015. In comparison, second quarter 2015 results included gains from sales of securities totaling \$932,000 and a loss from prepayment of borrowings totaling \$910,000. In the third quarter 2014, realized gains from securities totaled \$760,000. There were no losses from prepayment of borrowings in the third quarter 2015 or 2014. For the nine months ended September 30, 2015, realized gains from available-for-sale securities totaled \$1,085,000 as compared to \$894,000 in the first nine months of 2014, and the loss from prepayment of borrowings was \$910,000 in the first nine months of 2015 with no such loss in 2014.
- Noninterest expenses, excluding loss on prepayment of borrowings, totaled \$8,117,000 in the third quarter 2015, up from \$7,964,000 in the second quarter 2015 and lower than the total of \$9,036,000 in the third quarter 2014. For the first nine months of 2015, noninterest expenses, excluding loss on prepayment of borrowings, totaled \$24,545,000, down \$1,362,000 (5.3%) from the first nine months of 2014. Salaries and wages expense increased \$141,000, and pensions and other employee benefits expense increased \$81,000, in the third quarter 2015 as compared to the second quarter 2015 amounts. The increase in the most recent quarter in salaries and wages reflected a few recent personnel additions, including lending and operations staff. The increase in the most recent quarter in employee benefits expense included an increase in health insurance expense resulting from higher claims on C&N's partially self-insured plan. The reduction in noninterest expenses in the third quarter 2015 as compared to the third quarter 2014 included a decrease in salaries and wages of \$604,000 resulting from severance expenses in 2014, and a reduction in other operating expense of \$225,000, including a reduction in net collection expenses of \$79,000 and the effects of a \$69,000 sales tax refund that reduced expenses in 2015. The reduction in noninterest expenses for the first nine months of 2015 as compared to the corresponding period in 2014 included the following: (1) a reduction in salaries and wages expenses of \$725,000, mainly due to severance expenses in 2014; (2) a reduction in employee benefit-related expenses of \$227,000 due to lower employee health insurance expense as a result of lower claims; (3) a reduction in Pennsylvania shares tax expense of \$137,000, mainly as a result of an increase in tax credits associated with charitable contributions; and (4) a reduction in other expenses of \$310,000, including reductions in expenses from loan collection of \$157,000, other real estate properties of \$86,000 and attorneys' fees of \$86,000.

Other Information:

Changes in other unaudited financial information are as follows:

- Total assets amounted to \$1,232,531,000 at September 30, 2015, down from \$1,255,722,000 at June 30, 2015 and \$1,256,533,000 at September 30, 2014.
- Net loans outstanding (excluding mortgage loans held for sale) were \$672,449,000 at September 30, 2015, up from \$656,518,000 at June 30, 2015 and up 8.1% from \$621,960,000 at September 30, 2014. In the most recent quarter, total commercial loans outstanding increased \$9.4 million, and total outstanding residential mortgage-related loans increased \$6.6 million. Average total loans outstanding for the third quarter 2015 of \$673,735,000 was up \$32.5 million from the second quarter 2015 and \$47.4 million from the third quarter 2014 amounts. Average total loans for the first nine months of 2015 amounted to \$646,638,000 or \$18.8 million (3.0%) more than the corresponding amount for the first nine months of 2014.
- The outstanding balance of residential mortgages originated by C&N and sold to third parties, with servicing retained, totaled \$152,275,000 at September 30, 2015 as compared to \$151,132,000 at June 30, 2015 and \$150,695,000 at September 30, 2014.
- Total nonperforming assets as a percentage of assets was 1.28% at September 30, 2015, as compared to 1.26% at June 30, 2015 and down from 1.45% at September 30, 2014.
- Deposits and repo sweep accounts totaled \$966,856,000 at September 30, 2015, down from \$983,255,000 at June 30, 2015 and \$988,294,000 at September 30, 2014. Average total deposits amounted to \$977,317,000 in the third quarter 2015, down \$3.8 million (0.4%) from the second quarter 2015 and \$2.2 million (0.2%) from the third

quarter 2014 amounts. Average total deposits for the first nine months of 2015 amounted to \$974,873,000 or \$11.7 million (1.2%) more than the corresponding amount for the first nine months of 2014.

- Total shareholders' equity was \$190,100,000 at September 30, 2015 as compared to \$186,973,000 at June 30, 2015 and \$186,874,000 at September 30, 2014. Tangible common equity as a percentage of tangible assets was 14.59% at September 30, 2015, up from 14.05% a year earlier. In July 2014, C&N announced a common stock repurchase plan for the repurchase of up to 622,500 shares, or 5% of the total shares outstanding on July 16, 2014. In the third quarter 2015, 27,100 shares were repurchased for a total cost of \$529,000, at an average price of \$19.52 per share. Cumulatively through September 30, 2015, 411,400 shares had been repurchased for a total cost of \$7,946,000, at an average price of \$19.31 per share.
- Assets under management by C&N's Trust and Financial Management Group amounted to \$790,215,000 at September 30, 2015, down 2.7% from a year earlier, reflecting the effect of a decrease in overall valuations of U.S. stocks in the third quarter 2015.

Citizens & Northern Corporation is the parent company of Citizens & Northern Bank, a local, independent community bank providing complete financial, investment and insurance services through 26 full service offices throughout Tioga, Bradford, Sullivan, Lycoming, Potter, Cameron and McKean counties in Pennsylvania and in Canisteo and South Hornell, NY. C&N can be found on the worldwide web at www.cnbankpa.com. The Company's stock is listed on NASDAQ Capital Market Securities 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, 2015

QUARTERLY REPORT

Dear Shareholder:

The third quarter of 2015 was another period of progress for C&N. Our focus on “Creating Value Through Relationships” remains a clear priority. Business development activities continue to gain traction as evidenced by loan growth of \$16 million during the quarter, which included increases of \$9.4 million in commercial loans and \$6.6 million in residential mortgages. These results reflect our priority in reversing the trend of declining net interest income due to the continued low interest rate environment. In order to sustain this momentum, we have added two commercial and two residential lenders to build relationships in the Lycoming County market, the largest market in our current footprint. Our staff across the franchise remains fully engaged in our communities. And internally, we are focused on engaging and connecting all members of the Team to enhance the value we deliver to our customers. We have included some of these efforts in this edition of *banCNotes*, along with a piece highlighting the value our Retirement Services Department delivers to help customers answer the question “Will You Be Ready?” as they plan for their retirement years.

Earnings per share for the third quarter 2015 were \$0.35, compared to \$0.36 in the second quarter 2015 and \$0.34 in the third quarter 2014. For the nine months ended September 30, 2015, diluted earnings per share was \$1.01 as compared to \$1.02 for the first nine months of 2014. Return on average assets for the first nine months of 2015 was 1.32%, and return on average equity was 8.78%.

Net interest income was flat during the third quarter as compared to the second quarter reflecting the positive impact of loan growth in offsetting the ongoing challenges of a flat yield curve. Overall, the yield on earning assets declined slightly more than the cost of funds resulting in a net interest margin of 3.66%, or a decline of .03%.

The provision for loan losses was \$302,000 in the third quarter, an increase of \$81,000 from the second quarter. The provision totaled \$526,000 through the first nine months of 2015, up from \$353,000 for the same period in 2014. These increases reflect additions to the loan loss reserve to support the increase in loans outstanding. Credit quality remains strong and the level of past due and non-performing loans was stable during the quarter.

Noninterest revenue, excluding securities gains, totaled \$3.96 million during both the second and third quarters of 2015, up from \$3.89 million in the third quarter 2014. Noninterest revenue totaled \$11.4 million for the first nine months of 2015, down \$208,000 (1.8%) from the corresponding period in 2014. C&N generated gains from sales of securities totaling \$79,000 during the third quarter.

Noninterest expenses, excluding loss on prepayment of borrowings, totaled \$8.12 million as compared to \$7.96 million in the second quarter, primarily due to increases in salaries and benefits costs of \$222,000. Additions to staff and healthcare costs were the drivers of the increase in personnel expenses. For the first nine months of 2015, noninterest expenses, excluding loss on prepayment of borrowings, totaled \$24.55 million, down \$1.36 million (5.3%) from the first nine months of 2014. The decrease in noninterest expenses year to date were the result of a number of factors and reflects management’s ongoing focus on controlling overhead expenses, while investing in areas that support revenue growth over time.

Total assets and deposits declined modestly during the quarter ended September 30, 2015 compared to the prior quarter, year-end 2014 and September 30, 2014. As stated earlier, total loans increased \$16 million during the third quarter and have grown \$50 million since September 30, 2014.

C&N's capital position remains very strong by all measures and we continue to support shareholder value through a strong cash dividend and common stock repurchase program. The dividend paid in the third quarter was \$.26 per share producing a yield of 5.33% based on the September 30, 2015 market price of \$19.52. The Company repurchased 27,100 shares during the third quarter of 2015 at an average price of \$19.52 per share. Cumulatively, 411,400 shares have been repurchased at an average price of \$19.31 since the plan to buy back up to 622,500 shares was announced in July 2014.

We are committed to creating value for you as shareholders and encourage you to keep building your relationship with C&N as your source of financial advice, counsel, and solutions.

Thank you for your ongoing support.

A handwritten signature in cursive script, reading "J. Bradley Scovill".

J. Bradley Scovill
President and CEO

CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

	3RD QUARTER 2015 (Current)	3RD QUARTER 2014 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$11,134	\$11,572	(\$438)	-3.78%
Interest Expense	1,126	1,287	(161)	-12.51%
Net Interest Income	10,008	10,285	(277)	-2.69%
Provision for Loan Losses	302	218	84	38.53%
Net Interest Income After Provision for Loan Losses	9,706	10,067	(361)	-3.59%
Other Income	3,961	3,887	74	1.90%
Net Gains on Available-for-sale Securities	79	760	(681)	-89.61%
Loss on Prepayment of Borrowings	0	0	0	
Other Noninterest Expenses	8,117	9,036	(919)	-10.17%
Income Before Income Tax Provision	5,629	5,678	(49)	-0.86%
Income Tax Provision	1,395	1,411	(16)	-1.13%
Net Income	\$4,234	\$4,267	(\$33)	-0.77%

PER COMMON SHARE DATA:

Net Income – Basic	\$0.35	\$0.34	\$0.01	2.94%
Net Income – Diluted	\$0.35	\$0.34	\$0.01	2.94%
Dividend Per Share	\$0.26	\$0.26	\$0.00	0.00%
Number Shares Used in Computation – Basic	12,200,129	12,399,482		
Number Shares Used in Computation – Diluted	12,220,330	12,420,000		

CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

	9 MONTHS ENDED SEPTEMBER 30,			
	2015 (Current)	2014 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$33,483	\$34,541	(\$1,058)	-3.06%
Interest Expense	3,515	3,865	(350)	-9.06%
Net Interest Income	29,968	30,676	(708)	-2.31%
Provision for Loan Losses	526	353	173	49.01%
Net Interest Income After Provision for Loan Losses	29,442	30,323	(881)	-2.91%
Other Income	11,410	11,618	(208)	-1.79%
Net Gains on Available-for-sale Securities	1,085	894	191	21.36%
Loss on Prepayment of Borrowings	910	0	910	
Other Noninterest Expenses	24,545	25,907	(1,362)	-5.26%
Income Before Income Tax Provision	16,482	16,928	(446)	-2.63%
Income Tax Provision	4,076	4,210	(134)	-3.18%
Net Income	\$12,406	\$12,718	(\$312)	-2.45%

PER COMMON SHARE DATA:

Net Income - Basic	\$1.02	\$1.02	\$0.00	0.00%
Net Income - Diluted	\$1.01	\$1.02	(\$0.01)	-0.98%
Dividend Per Share	\$0.78	\$0.78	\$0.00	0.00%
Number Shares Used in Computation - Basic	12,222,557	12,419,538		
Number Shares Used in Computation - Diluted	12,243,746	12,440,917		
Market Value (Last Trade)	\$19.52	\$19.00	\$0.52	2.74%
Price Earnings Multiple (Annualized)	14.35	13.97	0.38	2.72%
Dividend Yield (Annualized)	5.33%	5.47%	-0.14%	-2.56%

CONDENSED, CONSOLIDATED BALANCE SHEET DATA
(In Thousands, Except Per Share Data) (Unaudited)

	SEPT. 30, 2015	SEPT. 30, 2014	SEPT. 30, 2015 vs 2014	
			\$ Incr. (Decr.)	% Incr. (Decr.)
ASSETS				
Cash & Due from Banks	\$32,221	\$55,439	(\$23,218)	-41.88%
Available-for-sale Securities	461,713	508,253	(46,540)	-9.16%
Loans Held for Sale	76	418	(342)	-81.82%
Loans, Net	672,449	621,960	50,489	8.12%
Intangible Assets	11,978	12,003	(25)	-0.21%
Other Assets	54,094	58,460	(4,366)	-7.47%
TOTAL ASSETS	\$1,232,531	\$1,256,533	(\$24,002)	-1.91%
LIABILITIES				
Deposits	\$961,112	\$981,529	(\$20,417)	-2.08%
Repo Sweep Accounts	5,744	6,765	(1,021)	-15.09%
Total Deposits and Repo Sweeps	966,856	988,294	(21,438)	-2.17%
Borrowed Funds	67,342	73,131	(5,789)	-7.92%
Other Liabilities	8,233	8,234	(1)	-0.01%
TOTAL LIABILITIES	1,042,431	1,069,659	(27,228)	-2.55%
SHAREHOLDERS' EQUITY				
Common Shareholders' Equity, Excluding Accumulated Other Comprehensive Income	183,978	182,837	1,141	0.62%
Accumulated Other Comprehensive Income:				
Net Unrealized Gains/Losses on				
Available-for-sale Securities	6,116	3,940	2,176	55.23%
Defined Benefit Plans	6	97	(91)	-93.81%
TOTAL SHAREHOLDERS' EQUITY	190,100	186,874	3,226	1.73%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,232,531	\$1,256,533	(\$24,002)	-1.91%

EXHIBIT 99.3 – Supplemental, Unaudited Financial Information



CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS

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

	9 MONTHS ENDED		% INCREASE (DECREASE)
	SEPTEMBER 30, 2015	2014	
EARNINGS PERFORMANCE			
Net Income	\$12,406	\$12,718	-2.45%
Return on Average Assets	1.32%	1.37%	-3.65%
Return on Average Equity	8.78%	9.18%	-4.36%
BALANCE SHEET HIGHLIGHTS			
Total Assets	\$1,232,531	\$1,256,533	-1.91%
Available-for-Sale Securities	461,713	508,253	-9.16%
Loans (Net)	672,449	621,960	8.12%
Allowance for Loan Losses	7,416	7,449	-0.44%
Deposits and Repo Sweep Accounts	966,856	988,294	-2.17%
OFF-BALANCE SHEET			
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	152,275	150,695	1.05%
Trust Assets Under Management	790,215	812,376	-2.73%
SHAREHOLDERS' VALUE (PER COMMON SHARE)			
Net Income - Basic	\$1.02	\$1.02	0.00%
Net Income - Diluted	\$1.01	\$1.02	-0.98%
Dividends	\$0.78	\$0.78	0.00%
Common Book Value	\$15.60	\$15.14	3.04%
Tangible Common Book Value	\$14.62	\$14.17	3.18%
Market Value (Last Trade)	\$19.52	\$19.00	2.74%
Market Value / Common Book Value	125.13%	125.50%	-0.29%
Market Value / Tangible Common Book Value	133.52%	134.09%	-0.43%
Price Earnings Multiple (Annualized)	14.35	13.97	2.72%
Dividend Yield (Annualized)	5.33%	5.47%	-2.56%
Common Shares Outstanding, End of Period	12,187,033	12,339,120	-1.23%
SAFETY AND SOUNDNESS			
Tangible Common Equity / Tangible Assets	14.59%	14.05%	3.84%
Nonperforming Assets / Total Assets	1.28%	1.45%	-11.72%
Allowance for Loan Losses / Total Loans	1.09%	1.18%	-7.63%
Total Risk Based Capital Ratio (a)	24.63%	27.42%	-10.18%
Tier 1 Risk Based Capital Ratio (a)	23.47%	26.09%	-10.04%
Common Equity Tier 1 Risk Based Capital Ratio (a)	23.47%		
Leverage Ratio (a)	13.95%	13.78%	1.23%
AVERAGE BALANCES			
Average Assets	\$1,249,156	\$1,236,883	0.99%
Average Equity	\$188,305	\$184,699	1.95%

(a) Capital ratios for the most recent period are estimated. The Common Equity Tier 1 Risk Based Capital Ratio became applicable to the Corporation in the first quarter 2015.

QUARTERLY CONDENSED, CONSOLIDATED INCOME STATEMENT INFORMATION
(In Thousands) (Unaudited)
For the Three Months Ended:

	Sept. 30, 2015	June 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sept. 30, 2014	June 30, 2014	Mar. 31, 2014
Interest income	\$11,134	\$11,186	\$11,163	\$11,468	\$11,572	\$11,563	\$11,406
Interest expense	1,126	1,176	1,213	1,257	1,287	1,290	1,288
Net interest income	10,008	10,010	9,950	10,211	10,285	10,273	10,118
Provision (credit) for loan losses	302	221	3	123	218	446	(311)
Net interest income after provision (credit)							
for loan losses	9,706	9,789	9,947	10,088	10,067	9,827	10,429
Other income	3,961	3,962	3,487	3,802	3,887	3,980	3,751
Net gains on available-for-sale securities	79	932	74	210	760	103	31
Loss on prepayment of borrowings	0	910	0	0	0	0	0
Other expenses	8,117	7,964	8,464	8,250	9,036	8,347	8,524
Income before income tax provision	5,629	5,809	5,044	5,850	5,678	5,563	5,687
Income tax provision	1,395	1,452	1,229	1,482	1,411	1,400	1,399
Net income	\$4,234	\$4,357	\$3,815	\$4,368	\$4,267	\$4,163	\$4,288
Net income per share – basic	\$0.35	\$0.36	\$0.31	\$0.35	\$0.34	\$0.33	\$0.35
Net income per share – diluted	\$0.35	\$0.36	\$0.31	\$0.35	\$0.34	\$0.33	\$0.34

QUARTERLY CONDENSED, CONSOLIDATED BALANCE SHEET INFORMATION
(In Thousands) (Unaudited)
As of:

	Sept. 30, 2015	June 30, 2015	Dec. 31, 2014	Sept. 30, 2014
ASSETS				
Cash & Due from Banks	\$32,221	\$35,405	\$36,047	\$55,439
Available-for-Sale Securities	461,713	497,111	516,807	508,253
Loans Held for Sale	76	192	0	418
Loans, Net	672,449	656,518	623,209	621,960
Intangible Assets	11,978	11,983	11,994	12,003
Other Assets	54,094	54,513	53,906	58,460
TOTAL ASSETS	\$1,232,531	\$1,255,722	\$1,241,963	\$1,256,533
LIABILITIES				
Deposits	\$961,112	\$978,449	\$967,989	\$981,529
Repo Sweep Accounts	5,744	4,806	5,537	6,765
Total Deposits and Repo Sweeps	966,856	983,255	973,526	988,294
Borrowed Funds	67,342	77,916	73,060	73,131
Other Liabilities	8,233	7,578	7,015	8,234
TOTAL LIABILITIES	1,042,431	1,068,749	1,053,601	1,069,659
SHAREHOLDERS' EQUITY				
Common Shareholders' Equity, Excluding				
Accumulated Other Comprehensive Income/ Loss	183,978	182,887	183,002	182,837
Accumulated Other Comprehensive Income/ Loss:				
Net Unrealized Gains/Losses on				
Available-for-sale Securities	6,116	4,077	5,281	3,940
Defined Benefit Plans Adjustment, Net	6	9	79	97
TOTAL SHAREHOLDERS' EQUITY	190,100	186,973	188,362	186,874
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,232,531	\$1,255,722	\$1,241,963	\$1,256,533

AVAILABLE-FOR-SALE SECURITIES (In Thousands)	September 30, 2015		June 30, 2015		December 31, 2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of U.S. Government agencies	\$15,664	\$15,621	\$27,189	\$26,871	\$27,221	\$26,676
Obligations of states and political subdivisions:						
Tax-exempt	108,115	112,396	115,908	119,749	120,086	124,839
Taxable	34,464	35,124	34,872	35,135	33,637	33,878
Mortgage-backed securities	71,681	72,697	76,323	76,790	82,479	83,903
Collateralized mortgage obligations, Issued by U.S. Government agencies	216,981	218,052	231,148	230,794	239,620	238,823
Other collateralized debt obligations	34	34	34	34	34	34
Total debt securities	446,939	453,924	485,474	489,373	503,077	508,153
Marketable equity securities	5,365	7,789	5,365	7,738	5,605	8,654
Total	\$452,304	\$461,713	\$490,839	\$497,111	\$508,682	\$516,807

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

	Sept. 30, 2015	June 30, 2015	Dec. 31, 2014	Sept. 30, 2014
Residential mortgage:				
Residential mortgage loans - first liens	\$298,096	\$294,978	\$291,882	\$290,943
Residential mortgage loans - junior liens	20,601	21,502	21,166	21,843
Home equity lines of credit	39,572	39,140	36,629	35,975
1-4 Family residential construction	23,633	19,651	16,739	16,895
Total residential mortgage	381,902	375,271	366,416	365,656
Commercial:				
Commercial loans secured by real estate	135,760	135,063	145,878	144,410
Commercial and industrial	72,011	61,427	50,157	50,615
Political subdivisions	40,186	40,908	17,534	14,823
Commercial construction and land	6,852	7,826	6,938	9,069
Loans secured by farmland	7,521	7,565	7,916	8,542
Multi-family (5 or more) residential	8,194	8,561	8,917	9,092
Agricultural loans	4,588	4,287	3,221	3,284
Other commercial loans	12,691	12,809	13,334	13,620
Total commercial	287,803	278,446	253,895	253,455
Consumer	10,160	10,101	10,234	10,298
Total	679,865	663,818	630,545	629,409
Less: allowance for loan losses	(7,416)	(7,300)	(7,336)	(7,449)
Loans, net	\$672,449	\$656,518	\$623,209	\$621,960

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

	Sept. 30, 2015	June 30, 2015	Dec. 31, 2014	Sept. 30, 2014
Residential mortgage loans originated and serviced - outstanding balance	\$152,351	\$151,324	\$152,505	\$151,113
Less: outstanding balance of loans sold	(152,275)	(151,132)	(152,505)	(150,695)
Loans held for sale, net	\$76	\$192	\$0	\$418

ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES
(In Thousands)

	3 Months Ended Sept. 30, 2015	3 Months Ended June 30, 2015	9 Months Ended Sept. 30, 2015	9 Months Ended Sept. 30, 2014
Balance, beginning of period	\$7,300	\$7,134	\$7,336	\$8,663
Charge-offs	(197)	(77)	(496)	(1,881)
Recoveries	11	22	50	314
Net charge-offs	(186)	(55)	(446)	(1,567)
Provision for loan losses	302	221	526	353
Balance, end of period	\$7,416	\$7,300	\$7,416	\$7,449

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

	Sept. 30, 2015	June 30, 2015	Dec 31, 2014	Sept. 30, 2014
Impaired loans with a valuation allowance	\$1,963	\$3,880	\$3,241	\$4,059
Impaired loans without a valuation allowance	7,812	7,764	9,075	10,035
Total impaired loans	\$9,775	\$11,644	\$12,316	\$14,094
Total loans past due 30-89 days and still accruing	\$4,780	\$3,803	\$7,121	\$5,458
Nonperforming assets:				
Total nonaccrual loans	\$11,632	\$12,060	\$12,610	\$13,722
Total loans past due 90 days or more and still accruing	2,833	2,529	2,843	2,602
Total nonperforming loans	14,465	14,589	15,453	16,324
Foreclosed assets held for sale (real estate)	1,363	1,223	1,189	1,888
Total nonperforming assets	\$15,828	\$15,812	\$16,642	\$18,212
Loans subject to troubled debt restructurings (TDRs):				
Performing	\$1,043	\$1,119	\$1,807	\$1,834
Nonperforming	5,182	5,216	5,388	6,172
Total TDRs	\$6,225	\$6,335	\$7,195	\$8,006
Total nonperforming loans as a % of loans	2.13%	2.20%	2.45%	2.59%
Total nonperforming assets as a % of assets	1.28%	1.26%	1.34%	1.45%
Allowance for loan losses as a % of total loans	1.09%	1.10%	1.16%	1.18%
Allowance for loan losses as a % of nonperforming loans	51.27%	50.04%	47.47%	45.63%

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

	3 Months Ended 9/30/2015 Average Balance	Annualized Rate of Return/ Cost of Funds %	3 Months Ended 6/30/2015 Average Balance	Annualized Rate of Return/ Cost of Funds %	3 Months Ended 9/30/2014 Average Balance	Annualized Rate of Return/ Cost of Funds %
EARNING ASSETS						
Available-for-sale securities, at amortized cost:						
Taxable	\$361,481	2.02%	\$389,705	2.06%	\$381,833	2.16%
Tax-exempt	111,735	5.14%	116,421	5.33%	123,949	5.22%
Total available-for-sale securities	473,216	2.75%	506,126	2.81%	505,782	2.91%
Interest-bearing due from banks	19,774	0.46%	21,970	0.46%	35,133	0.37%
Loans held for sale	245	8.10%	145	8.30%	263	7.54%
Loans receivable:						
Taxable	610,516	5.10%	592,188	5.25%	587,799	5.43%
Tax-exempt	63,219	4.50%	49,026	4.88%	38,537	5.48%
Total loans receivable	673,735	5.05%	641,214	5.22%	626,336	5.43%
Total Earning Assets	1,166,970	4.04%	1,169,455	4.09%	1,167,514	4.19%
Cash	16,961		17,072		17,361	
Unrealized gain/loss on securities	7,015		10,260		7,810	
Allowance for loan losses	(7,376)		(7,226)		(7,332)	
Bank premises and equipment	15,808		16,095		16,581	
Intangible Asset - Core Deposit Intangible	38		44		64	
Intangible Asset - Goodwill	11,942		11,942		11,942	
Other assets	38,294		38,065		40,201	
Total Assets	\$1,249,652		\$1,255,707		\$1,254,141	
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Interest checking	\$197,189	0.11%	\$199,373	0.11%	\$186,034	0.12%
Money market	202,106	0.15%	196,537	0.15%	202,536	0.14%
Savings	128,939	0.10%	128,879	0.10%	123,447	0.10%
Certificates of deposit	125,886	0.66%	122,634	0.67%	137,136	0.76%
Individual Retirement Accounts	109,661	0.41%	111,765	0.41%	120,079	0.40%
Other time deposits	1,514	0.26%	1,125	0.00%	1,525	0.00%
Total interest-bearing deposits	765,295	0.25%	760,313	0.25%	770,757	0.28%
Borrowed funds:						
Short-term	12,972	0.28%	9,185	0.22%	5,325	0.07%
Long-term	62,876	3.98%	69,211	4.01%	73,162	4.03%
Total borrowed funds	75,848	3.34%	78,396	3.57%	78,487	3.76%
Total Interest-bearing Liabilities	841,143	0.53%	838,709	0.56%	849,244	0.60%
Demand deposits	212,022		220,839		208,773	
Other liabilities	8,803		7,756		10,975	
Total Liabilities	1,061,968		1,067,304		1,068,992	
Stockholders' equity, excluding other comprehensive income/loss						
	183,116		181,683		180,042	
Other comprehensive income/loss	4,568		6,720		5,107	
Total Stockholders' Equity	187,684		188,403		185,149	
Total Liabilities and Stockholders' Equity	\$1,249,652		\$1,255,707		\$1,254,141	
Interest Rate Spread		3.51%		3.53%		3.59%
Net Interest Income/Earning Assets		3.66%		3.69%		3.75%
Total Deposits (Interest-bearing and Demand)	\$977,317		\$981,152		\$979,530	

(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 35%.

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

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

	9 Months Ended 9/30/2015 Average Balance	Annualized Rate of Return/ Cost of Funds %	9 Months Ended 9/30/2014 Average Balance	Annualized Rate of Return/ Cost of Funds %
EARNING ASSETS				
Available-for-sale securities, at amortized cost:				
Taxable	\$379,666	2.08%	\$366,853	2.18%
Tax-exempt	115,255	5.27%	124,508	5.34%
Total available-for-sale securities	494,921	2.82%	491,361	2.98%
Interest-bearing due from banks	22,886	0.43%	32,798	0.39%
Loans held for sale	160	8.36%	222	7.83%
Loans receivable:				
Taxable	595,170	5.24%	589,607	5.47%
Tax-exempt	51,468	4.80%	38,203	5.64%
Total loans receivable	646,638	5.20%	627,810	5.48%
Total Earning Assets	1,164,605	4.10%	1,152,191	4.27%
Cash	16,723		17,052	
Unrealized gain/loss on securities	9,287		5,719	
Allowance for loan losses	(7,331)		(8,166)	
Bank premises and equipment	16,050		16,915	
Intangible Asset - Core Deposit Intangible	44		74	
Intangible Asset - Goodwill	11,942		11,942	
Other assets	37,836		41,156	
Total Assets	\$1,249,156		\$1,236,883	
INTEREST-BEARING LIABILITIES				
Interest-bearing deposits:				
Interest checking	\$196,109	0.11%	\$181,580	0.12%
Money market	197,852	0.15%	198,987	0.14%
Savings	128,561	0.10%	121,257	0.10%
Certificates of deposit	123,523	0.68%	136,748	0.81%
Individual Retirement Accounts	111,729	0.41%	121,143	0.39%
Other time deposits	1,150	0.12%	1,161	0.00%
Total interest-bearing deposits	758,924	0.26%	760,876	0.29%
Borrowed funds:				
Short-term	9,417	0.21%	6,696	0.14%
Long-term	68,332	4.01%	73,231	4.03%
Total borrowed funds	77,749	3.55%	79,927	3.71%
Total Interest-bearing Liabilities	836,673	0.56%	840,803	0.61%
Demand deposits	215,949		202,336	
Other liabilities	8,229		9,045	
Total Liabilities	1,060,851		1,052,184	
Stockholders' equity, excluding other comprehensive income/loss				
	182,252		180,912	
Other comprehensive income/loss	6,053		3,787	
Total Stockholders' Equity	188,305		184,699	
Total Liabilities and Stockholders' Equity	\$1,249,156		\$1,236,883	
Interest Rate Spread		3.54%		3.66%
Net Interest Income/Earning Assets		3.69%		3.82%
Total Deposits (Interest-bearing and Demand)				
	\$974,873		\$963,212	

(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 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, 2015	June 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
Service charges on deposit accounts	\$1,302	\$1,305	\$1,275	\$3,629	\$3,812
Service charges and fees	137	123	144	373	405
Trust and financial management revenue	1,123	1,241	1,140	3,478	3,325
Brokerage revenue	215	206	213	640	682
Insurance commissions, fees and premiums	24	23	44	87	103
Interchange revenue from debit card transactions	482	500	504	1,456	1,474
Net gains from sales of loans	243	183	141	573	557
Increase (decrease) in fair value of servicing rights	13	(33)	(17)	(137)	35
Increase in cash surrender value of life insurance	95	102	99	294	278
Net (loss) gain from premises and equipment	(1)	0	9	(1)	8
Other operating income	328	312	335	1,018	939
Total other operating income, before realized gains on available-for-sale securities, net	\$3,961	\$3,962	\$3,887	\$11,410	\$11,618

COMPARISON OF NONINTEREST EXPENSE
(In Thousands)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2015	June 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
Salaries and wages	\$3,744	\$3,603	\$4,348	\$10,834	\$11,559
Pensions and other employee benefits	1,016	935	1,091	3,336	3,563
Occupancy expense, net	623	640	646	1,985	2,002
Furniture and equipment expense	477	467	461	1,398	1,399
FDIC Assessments	155	148	151	454	444
Pennsylvania shares tax	311	317	336	877	1,014
Professional fees	128	113	135	363	427
Automated teller machine and interchange expense	234	255	239	735	668
Software subscriptions	209	211	184	617	575
Other operating expense	1,220	1,275	1,445	3,946	4,256
Total noninterest expense, before loss on prepayment of borrowings	8,117	7,964	9,036	24,545	25,907
Loss on prepayment of borrowings	0	910	0	910	0
Total noninterest expense	\$8,117	\$8,874	\$9,036	\$25,455	\$25,907