

March 31, 2020

QUARTERLY REPORT

Dear Shareholder:

On January 30, 2020, the World Health Organization (WHO) declared a Public Health Emergency of International Concern due to an outbreak of pneumonia first reported in Wuhan, China. Soon thereafter, the WHO named this new disease COVID-19 and, on March 11, declared the rapidly spreading coronavirus outbreak a pandemic. Stay at home orders were issued in a number of states beginning on March 23 with the Commonwealth of Pennsylvania following suit on April 1. These orders were accompanied by a variety of new laws and regulations designed to protect the health of Americans. These are extraordinary events taking place with unprecedented speed.

This health emergency took over daily life around the world. The potential financial consequences of the worldwide restrictions on business activity designed to contain COVID-19 were soon recognized and the Federal Reserve and other central banks implemented massive programs to bolster economies. Additionally, the US government and regulatory agencies took unprecedented actions to support American households and businesses and to provide bankers with flexibility and tools to deliver assistance.

In anticipation of the pandemic declaration, C&N's Pandemic Committee took action and activated its Pandemic Plan on March 9, beginning daily meetings of the Committee on March 13. The C&N Team responded thoughtfully with a calm sense of confidence infused with urgency given the pace and magnitude of events. As an essential or life sustaining business, our initial efforts focused on the health and welfare of C&N's employees so that we could continue delivering service to our customers and communities. Limited branch access, remote work arrangements, distancing, enhanced hygiene and cleaning programs and flexible leave policies to support families were quickly implemented.

Concurrent with these moves, we began working with borrowers that needed payment relief due to the economic slowdown. We were also very active in the residential mortgage arena as customers took advantage of historically low interest rates. On March 27, the CARES Act was signed by President Trump providing \$2 trillion of support to individuals, businesses and municipalities through a variety of programs. The Paycheck Protection Program (PPP) was part of the Act and C&N began processing applications and closing PPP loans on April 3. As of April 30, the outstanding balance of PPP loans was nearly \$85 million. These loans were made to over 800 businesses and will support payrolls covering almost 10,000 workers. C&N continues broad-based efforts to create value through our support of customers facing challenges due to COVID-19.

Planning for the pending acquisition and integration of Covenant Financial, Inc. continued during the first quarter. The integration teams are working well together and have been in close contact throughout. All required regulatory applications have been submitted and the Covenant shareholders have a meeting scheduled in early June to vote on the transaction. The merger is expected to close in the third quarter of 2020.

While it is difficult to estimate the future impact of COVID-19, C&N entered the crisis in a position of strength. This is especially apparent in the capital ratios, which are at levels that demonstrate the capacity to absorb the acquisition of Covenant as well as significant losses, if they arise, while continuing to meet the requirements to be considered well capitalized. Further evidence of this strength was the declaration of the regular quarterly cash dividend of \$.27 per share to shareholders of record on April 27, 2020, payable on May 8, 2020.

All shareholders are encouraged to review the financial information provided in this issue of banCNotes, as well as the first quarter Form 10-Q recently filed with the SEC for a detailed review of C&N's first quarter results. Also, please read the piece on Giving Back, Giving Together and join us in supporting our local food banks in this time of increased need.

In closing, I want to recognize the heroic efforts of the C&N Team throughout the first stages of this crisis. These are extraordinary times that hit us all very quickly - testing our values and commitment to the Mission of creating value through lifelong relationships. This group has been steadfast and selfless in its commitment to supporting our customers, communities and each other. Their performance validates the culture at C&N and confirms our belief that the relationships we have built over time supply us with the strength to navigate this crisis successfully.

Thank you to our shareholders for your confidence in this team and support of your Company.

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

J. Bradley Scovill
President and CEO

CONDENSED, CONSOLIDATED EARNINGS INFORMATION

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

	1ST QUARTER 2020 (Current)	1ST QUARTER 2019 (Prior Year)	\$ Incr. (Decr.)	% Incr. (Decr.)
Interest and Dividend Income	\$17,037	\$13,065	\$3,972	30.40%
Interest Expense	2,755	1,350	1,405	104.07%
Net Interest Income	14,282	11,715	2,567	21.91%
Provision (Credit) for Loan Losses	1,528	(957)	2,485	-259.67%
Net Interest Income After Provision (Credit) for Loan Losses	12,754	12,672	82	0.65%
Noninterest Income	5,281	4,406	875	19.86%
Merger-Related Expenses	141	311	(170)	-54.66%
Other Noninterest Expenses	12,912	10,696	2,216	20.72%
Income Before Income Tax Provision	4,982	6,071	(1,089)	-17.94%
Income Tax Provision	816	981	(165)	-16.82%
Net Income	\$4,166	\$5,090	(\$924)	-18.15%
Net Income Attributable to Common Shares (1)	\$4,146	\$5,063	(\$917)	-18.11%
PER COMMON SHARE DATA:				
Net Income - Basic	\$0.30	\$0.41	(\$0.11)	-26.83%
Net Income - Diluted	\$0.30	\$0.41	(\$0.11)	-26.83%
Dividend Per Share - Quarterly	\$0.27	\$0.27	\$0.00	0.00%
Dividend Per Share - Special	\$0.00	\$0.10	(\$0.10)	-100.00%
Number of Shares Used in Computation - Basic	13,685,257	12,308,862		
Number of Shares Used in Computation - Diluted	13,699,238	12,334,307		

(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)

	MARCH 31, 2020	MARCH 31, 2019	MARCH 31, 2020 vs 2019	
			\$ Incr. (Decr.)	% Incr. (Decr.)
ASSETS				
Cash & Due from Banks	\$32,678	\$44,002	(\$11,324)	-25.74%
Available-for-sale Debt Securities	342,416	357,646	(15,230)	-4.26%
Loans Held for Sale	579	0	579	
Loans, Net	1,156,143	817,136	339,007	41.49%
Intangible Assets	29,573	11,949	17,624	147.49%
Other Assets	68,056	59,267	8,789	14.83%
TOTAL ASSETS	\$1,629,445	\$1,290,000	\$339,445	26.31%
LIABILITIES				
Deposits	\$1,249,912	\$1,039,911	\$210,001	20.19%
Repo Sweep Accounts	2,407	5,132	(2,725)	-53.10%
Total Deposits and Repo Sweeps	1,252,319	1,045,043	207,276	19.83%
Borrowed Funds	108,144	32,844	75,300	229.27%
Subordinated Debt	6,500	0	6,500	
Other Liabilities	11,254	9,986	1,268	12.70%
TOTAL LIABILITIES	1,378,217	1,087,873	290,344	26.69%
SHAREHOLDERS' EQUITY				
Common Shareholders' Equity, Excluding Accumulated				
Other Comprehensive Income (Loss)	241,754	202,768	38,986	19.23%
Accumulated Other Comprehensive Income (Loss):				
Net Unrealized Gains/Losses on				
Available-for-sale Debt Securities	9,230	(941)	10,171	-1080.87%
Defined Benefit Plans	244	300	(56)	-18.67%
TOTAL SHAREHOLDERS' EQUITY	251,228	202,127	49,101	24.29%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,629,445	\$1,290,000	\$339,445	26.31%

EXHIBIT 99.2 – Supplemental, Unaudited Financial Information

CITIZENS & NORTHERN
CORPORATION

CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS

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

	AS OF OR FOR THE THREE MONTHS ENDED		% INCREASE (DECREASE)
	<u>2020</u>	<u>2019</u>	
EARNINGS PERFORMANCE			
Net Income	\$4,166	\$5,090	-18.15%
Return on Average Assets (Annualized)	1.02%	1.59%	-35.85%
Return on Average Equity (Annualized)	6.74%	10.33%	-34.75%
BALANCE SHEET HIGHLIGHTS			
Total Assets	\$1,629,445	\$1,290,000	26.31%
Available-for-Sale Debt Securities	342,416	357,646	-4.26%
Loans (Net)	1,156,143	817,136	41.49%
Allowance for Loan Losses	11,330	8,256	37.23%
Deposits and Repo Sweep Accounts	1,252,319	1,045,043	19.83%
OFF-BALANCE SHEET			
Outstanding Balance of Mortgage Loans Sold with Servicing Retained	\$182,410	\$170,676	6.88%
Trust Assets Under Management	869,636	924,080	-5.89%
SHAREHOLDERS' VALUE (PER COMMON SHARE)			
Net Income - Basic	\$0.30	\$0.41	-26.83%
Net Income - Diluted	\$0.30	\$0.41	-26.83%
Dividends - Quarterly	\$0.27	\$0.27	0.00%
Dividends - Special	\$0.00	\$0.10	-100.00%
Common Book Value	\$18.22	\$16.31	11.71%
Tangible Common Book Value (a)	\$16.08	\$15.35	4.76%
Market Value (Last Trade)	\$20.00	\$25.04	-20.13%
Market Value / Common Book Value	109.77%	153.53%	-28.50%
Market Value / Tangible Common Book Value	124.38%	163.13%	-23.75%
Price Earnings Multiple (Annualized)	16.67	15.27	9.17%
Dividend Yield (Annualized, Excluding Special Dividend)	5.40%	4.31%	25.29%
Common Shares Outstanding, End of Period	13,787,160	12,393,044	11.25%

CONDENSED, CONSOLIDATED FINANCIAL HIGHLIGHTS (Continued)

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

	AS OF OR FOR THE		% INCREASE (DECREASE)
	THREE MONTHS ENDED		
	MARCH 31,		
	<u>2020</u>	<u>2019</u>	
SAFETY AND SOUNDNESS			
Tangible Common Equity / Tangible Assets (a)	13.85%	14.88%	-6.92%
Nonperforming Assets / Total Assets	0.99%	1.02%	-2.94%
Allowance for Loan Losses / Total Loans	0.97%	1.00%	-3.00%
Total Risk Based Capital Ratio (b)	21.07%	24.60%	-14.35%
Tier 1 Risk Based Capital Ratio (b)	19.40%	23.54%	-17.59%
Common Equity Tier 1 Risk Based Capital Ratio (b)	19.40%	23.54%	-17.59%
Leverage Ratio (b)	13.21%	15.01%	-11.99%
AVERAGE BALANCES			
Average Assets	\$1,637,165	\$1,279,650	27.94%
Average Equity	\$247,402	\$197,013	25.58%
EFFICIENCY RATIO (c)			
Net Interest Income on a Fully Taxable-Equivalent Basis (c)	\$14,506	\$12,016	20.72%
Noninterest Income	5,281	4,406	19.86%
Total (1)	\$19,787	\$16,422	20.49%
Noninterest Expense Excluding Merger Expenses (2)	\$12,912	\$10,696	20.72%
Efficiency Ratio = (2)/(1)	65.25%	65.13%	0.18%

(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	\$1,629,445	\$1,290,000
Less: Intangible Assets, Primarily Goodwill	(29,573)	(11,949)
Tangible Assets	\$1,599,872	\$1,278,051
Total Shareholders' Equity	\$251,228	\$202,127
Less: Intangible Assets, Primarily Goodwill	(29,573)	(11,949)
Tangible Common Equity (3)	\$221,655	\$190,178
Common Shares Outstanding, End of Period (4)	13,787,160	12,393,044
Tangible Common Book Value per Share = (3)/(4)	\$16.08	\$15.35

(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 merger-related expenses. These expenses include expenses related to the pending acquisition of Covenant Financial, Inc., which is expected to close in the third quarter 2020. Also excluded are expenses related to the acquisition of Monument Bancorp, Inc., which closed on April 1, 2019.

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

For the Three Months Ended:

	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Interest income	\$17,037	\$17,290	\$17,277	\$17,139	\$13,065
Interest expense	2,755	2,999	3,000	2,934	1,350
Net interest income	14,282	14,291	14,277	14,205	11,715
Provision (credit) for loan losses	1,528	652	1,158	(4)	(957)
Net interest income after provision (credit) for loan losses	12,754	13,639	13,119	14,209	12,672
Noninterest income	5,281	5,066	4,963	4,849	4,406
Net gains on securities	0	3	13	7	0
Merger-related expenses	141	281	206	3,301	311
Other noninterest expenses	12,912	11,834	11,486	11,422	10,696
Income before income tax provision	4,982	6,593	6,403	4,342	6,071
Income tax provision	816	1,135	1,096	693	981
Net income	\$4,166	\$5,458	\$5,307	\$3,649	\$5,090
Net income attributable to common shares	\$4,146	\$5,431	\$5,281	\$3,630	\$5,063
Basic earnings per common share	\$0.30	\$0.40	\$0.39	\$0.27	\$0.41
Diluted earnings per common share	\$0.30	\$0.40	\$0.39	\$0.27	\$0.41

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

As of:

	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
ASSETS					
Cash & Due from Banks	\$32,678	\$35,202	\$51,443	\$39,505	\$44,002
Available-for-Sale Debt Securities	342,416	346,723	363,467	363,465	357,646
Loans Held for Sale	579	767	2,033	1,131	0
Loans, Net	1,156,143	1,172,386	1,130,143	1,108,483	817,136
Intangible Assets	29,573	29,635	29,939	30,013	11,949
Other Assets	68,056	69,432	65,562	67,088	59,267
TOTAL ASSETS	\$1,629,445	\$1,654,145	\$1,642,587	\$1,609,685	\$1,290,000
LIABILITIES					
Deposits	\$1,249,912	\$1,252,660	\$1,294,882	\$1,284,143	\$1,039,911
Repo Sweep Accounts	2,407	1,928	3,767	3,192	5,132
Total Deposits and Repo Sweeps	1,252,319	1,254,588	1,298,649	1,287,335	1,045,043
Borrowed Funds	108,144	136,419	75,714	62,574	32,844
Subordinated Debt	6,500	6,500	7,000	7,000	0
Other Liabilities	11,254	12,186	18,285	13,060	9,986
TOTAL LIABILITIES	1,378,217	1,409,693	1,399,648	1,369,969	1,087,873
SHAREHOLDERS' EQUITY					
Common Shareholders' Equity, Excluding Accumulated Other Comprehensive Income (Loss)	241,754	240,761	238,479	236,284	202,768
Accumulated Other Comprehensive Income (Loss):					
Net Unrealized Gains (Losses) on					
Available-for-sale Securities	9,230	3,511	4,173	3,138	(941)
Defined Benefit Plans Adjustment, Net	244	180	287	294	300
TOTAL SHAREHOLDERS' EQUITY	251,228	244,452	242,939	239,716	202,127
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,629,445	\$1,654,145	\$1,642,587	\$1,609,685	\$1,290,000

AVAILABLE-FOR-SALE DEBT SECURITIES (In Thousands)	March 31, 2020		December 31, 2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Obligations of U.S. Government agencies	\$15,704	\$16,408	\$16,380	\$17,000
Obligations of states and political subdivisions:				
Tax-exempt	78,126	81,072	68,787	70,760
Taxable	35,764	37,074	35,446	36,303
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies:				
Residential pass-through securities	54,280	55,752	58,875	59,210
Residential collateralized mortgage obligations	101,130	103,556	115,025	114,723
Commercial mortgage-backed securities	45,727	48,554	47,765	48,727
Total Available-for-Sale Debt Securities	\$330,731	\$342,416	\$342,278	\$346,723

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

	March 31, 2020	Dec. 31, 2019	March 31, 2019
Residential mortgage:			
Residential mortgage loans - first liens	\$508,387	\$510,641	\$374,764
Residential mortgage loans - junior liens	27,028	27,503	25,538
Home equity lines of credit	32,090	33,638	32,847
1-4 Family residential construction	14,121	14,798	24,437
Total residential mortgage	581,626	586,580	457,586
Commercial:			
Commercial loans secured by real estate	295,860	301,227	160,177
Commercial and industrial	132,308	126,374	92,842
Political subdivisions	43,613	53,570	52,142
Commercial construction and land	33,340	33,555	12,701
Loans secured by farmland	11,524	12,251	6,938
Multi-family (5 or more) residential	32,370	31,070	7,031
Agricultural loans	3,886	4,319	5,471
Other commercial loans	16,430	16,535	13,467
Total commercial	569,331	578,901	350,769
Consumer	16,516	16,741	17,037
Total	1,167,473	1,182,222	825,392
Less: allowance for loan losses	(11,330)	(9,836)	(8,256)
Loans, net	\$1,156,143	\$1,172,386	\$817,136

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

	March 31, 2020	Dec. 31, 2019	March 31, 2019
Residential mortgage loans originated and serviced - outstanding balance	\$182,989	\$179,213	\$170,676
Less: outstanding balance of loans sold	(182,410)	(178,446)	(170,676)
Loans held for sale, net	\$579	\$767	\$0

ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES
(In Thousands)

	3 Months Ended March 31, 2020	3 Months Ended Dec. 31, 2019	3 Months Ended March 31, 2019	Year Ended Dec. 31, 2019
Balance, beginning of period	\$9,836	\$9,257	\$9,309	\$9,309
Charge-offs	(48)	(84)	(111)	(379)
Recoveries	14	11	15	57
Net (charge-offs)	(34)	(73)	(96)	(322)
Provision (credit) for loan losses	1,528	652	(957)	849
Balance, end of period	<u>\$11,330</u>	<u>\$9,836</u>	<u>\$8,256</u>	<u>\$9,836</u>

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

	March 31, 2020	Dec 31, 2019	March 31, 2019
Impaired loans with a valuation allowance	\$6,709	\$3,375	\$2,769
Impaired loans without a valuation allowance	1,581	2,111	3,728
Total impaired loans	<u>\$8,290</u>	<u>\$5,486</u>	<u>\$6,497</u>
Total loans past due 30-89 days and still accruing	<u>\$8,372</u>	<u>\$8,889</u>	<u>\$7,123</u>
Nonperforming assets:			
Total nonaccrual loans	\$12,309	\$9,218	\$9,441
Total loans past due 90 days or more and still accruing	2,093	1,207	1,902
Total nonperforming loans	14,402	10,425	11,343
Foreclosed assets held for sale (real estate)	1,685	2,886	1,875
Total nonperforming assets	<u>\$16,087</u>	<u>\$13,311</u>	<u>\$13,218</u>
Loans subject to troubled debt restructurings (TDRs):			
Performing	\$372	\$889	\$776
Nonperforming	1,730	1,737	774
Total TDRs	<u>\$2,102</u>	<u>\$2,626</u>	<u>\$1,550</u>
Total nonperforming loans as a % of loans	1.23%	0.88%	1.37%
Total nonperforming assets as a % of assets	0.99%	0.80%	1.02%
Allowance for loan losses as a % of total loans (1)	0.97%	0.83%	1.00%
Allowance for loan losses as a % of nonperforming loans	78.67%	94.35%	72.78%

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

	3 Months Ended 3/31/2020 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 12/31/2019 Average Balance	Rate of Return/ Cost of Funds %	3 Months Ended 3/31/2019 Average Balance	Rate of Return/ Cost of Funds %
EARNING ASSETS						
Interest-bearing due from banks	\$19,401	1.68%	\$17,577	2.03%	\$20,306	2.32%
Available-for-sale debt securities, at amortized cost:						
Taxable	265,157	2.41%	280,333	2.29%	281,805	2.64%
Tax-exempt	69,850	3.14%	69,482	3.01%	80,124	3.79%
Total available-for-sale debt securities	335,007	2.56%	349,815	2.43%	361,929	2.89%
Loans receivable:						
Taxable	1,108,118	5.25%	1,100,170	5.28%	751,172	5.37%
Tax-exempt	60,367	3.83%	66,195	3.81%	72,574	3.97%
Total loans receivable	1,168,485	5.18%	1,166,365	5.20%	823,746	5.25%
Other earning assets	1,460	3.03%	1,721	3.23%	1,089	3.35%
Total Earning Assets	1,524,353	4.55%	1,535,478	4.53%	1,207,070	4.49%
Cash	18,042		19,983		16,914	
Unrealized gain/loss on securities	8,176		5,056		(4,628)	
Allowance for loan losses	(10,015)		(9,469)		(9,339)	
Bank premises and equipment	17,732		16,801		14,511	
Intangible assets	29,607		29,902		11,950	
Other assets	49,270		53,124		43,172	
Total Assets	\$1,637,165		\$1,650,875		\$1,279,650	
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Interest checking	\$227,069	0.43%	\$221,052	0.44%	\$198,903	0.46%
Money market	200,691	0.53%	202,217	0.52%	176,869	0.41%
Savings	168,971	0.15%	169,342	0.16%	156,691	0.10%
Time deposits	381,621	1.67%	379,446	1.81%	227,315	1.09%
Total interest-bearing deposits	978,352	0.89%	972,057	0.94%	759,778	0.56%
Borrowed funds:						
Short-term	44,882	1.77%	54,705	2.03%	15,935	2.01%
Long-term	64,065	1.85%	56,564	2.03%	34,688	2.55%
Subordinated debt	6,500	6.62%	7,000	6.57%	0	0.00%
Total borrowed funds	115,447	2.09%	118,269	2.30%	50,623	2.38%
Total Interest-bearing Liabilities	1,093,799	1.01%	1,090,326	1.09%	810,401	0.68%
Demand deposits	281,893		299,090		261,295	
Other liabilities	14,071		18,446		10,941	
Total Liabilities	1,389,763		1,407,862		1,082,637	
Stockholders' equity, excluding accumulated other comprehensive income/loss	240,718		238,738		200,422	
Accumulated other comprehensive income/loss	6,684		4,275		(3,409)	
Total Shareholders' Equity	247,402		243,013		197,013	
Total Liabilities and Shareholders' Equity	\$1,637,165		\$1,650,875		\$1,279,650	
Interest Rate Spread		3.54%		3.44%		3.81%
Net Interest Income/Earning Assets		3.83%		3.75%		4.04%
 Total Deposits (Interest-bearing and Demand)	 \$1,260,245		 \$1,271,147		 \$1,021,073	

(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.

COMPARISON OF NONINTEREST INCOME
(In Thousands)

	Three Months Ended		
	March 31, 2020	Dec. 31, 2019	March 31, 2019
Trust and financial management revenue	\$1,479	\$1,684	\$1,360
Brokerage revenue	333	265	307
Insurance commissions, fees and premiums	33	18	30
Service charges on deposit accounts	1,250	1,395	1,250
Service charges and fees	63	73	79
Interchange revenue from debit card transactions	731	690	643
Net gains from sales of loans	315	306	87
Loan servicing fees, net	(14)	91	28
Increase in cash surrender value of life insurance	104	106	92
Other noninterest income	987	438	530
Total noninterest income, excluding realized gains (losses) on securities, net	\$5,281	\$5,066	\$4,406

COMPARISON OF NONINTEREST EXPENSE
(In Thousands)

	Three Months Ended		
	March 31, 2020	Dec. 31, 2019	March 31, 2019
Salaries and wages	\$5,340	\$5,395	\$4,493
Pensions and other employee benefits	2,038	1,545	1,618
Occupancy expense, net	745	653	657
Furniture and equipment expense	358	322	301
Data processing expenses	1,018	836	803
Automated teller machine and interchange expense	297	340	189
Pennsylvania shares tax	422	345	347
Professional fees	379	274	222
Telecommunications	206	207	164
Directors' fees	170	187	183
Other noninterest expense	1,939	1,730	1,719
Total noninterest expense, excluding merger-related expenses	12,912	11,834	10,696
Merger-related expenses	141	281	311
Total noninterest expense	\$13,053	\$12,115	\$11,007