

The Northumberland National Bank

245 Front St. • P.O. Box 271 • Northumberland, PA 17857-0271 Phone (570) 473-3531 • Fax (570) 473-9697

August 6, 2014

Dear Shareholder:

Your company's assets grew for the twelve month period ended June 30, 2014, reaching \$483,392,000, which was an increase of 1.79% from June 30, 2013. Net loans, including loans held for sale, were \$263,327 at June 30, 2014, compared to \$251,983,000 at June 30, 2013 or an increase of 4.50%. Deposits increased to \$436,447,000 or 1.12% at June 30, 2014.

Northumberland Bancorp, parent company of The Northumberland National Bank, reported earnings for the quarter ended June 30, 2014 of \$937,000. Return on average assets and equity of the bank for the quarter were .78% and 8.30% respectively.

Net interest margin improved slightly from 2.86% in 2013 to 2.89% in 2014. While the low interest rate environment continues to provide challenges, the bank was able to take some measures to enhance our margin. Average loans in the quarter increased to \$265,975,000 from \$254,370,000 in the second quarter of 2013. The percentage of loans to assets increased to 55.09% in 2014 from 53.48% in June of 2013. The margin difference between the yield on loans for the quarter as compared to the yield on investments, resulted in an approximate 2.9% improvement in net margin as more of the bank's assets were allocated to loans. In addition, the average cost to fund earning assets dropped .16%.

The bank's past due loans and loans on non-accrual status of 1.50% continued to be well below national peers of 1.84%. This permitted, among other things, the provision for loan losses to remain low.

Your bank's capital remains strong with a tier one leverage capital ratio of 9.47%. The bank's risk based capital is even stronger, with tier one capital to risk-weighted assets at 19.78%, and total risk based capital to risk-weighted assets at 20.85%.

Non-interest income was \$867,000 for the quarter ended June 30, 2014, compared to \$978,000 for the quarter ended June 30, 2013. The decrease is attributable to decreased income from the sale of loans in the secondary market, and lower gains from the sale of securities. These items were partially offset by revenue generated from NNB Financial Services. The decrease in the gain on sale of mortgages is directly attributable to lower levels of loan refinancing. While lower than a year ago, the gain in the second quarter showed improvement from the gain recognized in the first quarter of 2014. The bank is taking steps to improve its market share in purchase mortgage originations to help partially offset the decline in refinancing.

Non-interest expense increased \$56,000 or 2.12% from the second quarter of 2013. Various factors contributed to the increase including increases in salaries and benefits, professional fees and regulatory assessments.

Plans to relocate our Weis Market Office at Susquehanna Valley Mall to a new office in the Borough of Selinsgrove, await approval from the Borough of Selinsgrove. It is now expected that this move will not occur until mid 2015. We believe that this move will allow us to better serve the community. Construction has begun on the expansion of our Hummel's Wharf Office to provide additional space for commercial lending and to house NNB Financial Services. This additional space will allow for future growth through expansion of each of these areas.

We thank you, our shareholders, for your continued support.

Very truly yours,

J. Donald Steele Jr.

J. Donald Steele, Jr. Chairman & President

"Your Local Community Independent Bank"

## NORTHUMBERLAND BANCORP 245 Front Street, Northumberland, PA For the Quarter Ending June 30, 2014 and 2013 Amounts in thousands

## STATEMENT OF CONDITION (Unaudited)

2014     2013       ASSETS     Cash and Due From Banks     \$ 5,608 \$ 4,602       Interest Bearing Balances with Banks     5,428     9,782       Investment Securities     184,644     184,444       Loans, net     265,789     254,427       Allowance for Loan Losses     (2,462)     (2,444)       Net Loans     263,327     251,983       Bank Premise and Equipment, Net     8,531     8,361       Accrued Interest Receivable     1,634     1,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$ 483,392     \$ 474,893       LIABILITIES AND STOCKHOLDERS' EQUITY     Deposits:     380,781     377,719       Non-interest Bearing     \$ 55,666     \$ 53,893     interest Bearing     0     0       Long Term Borrowing     0     0     0     0     0       Accrued Interest Payable     117     146     1,827       OTAL LIABILITIES     150     150     1827       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     3,832     3,832	STATEMENT OF CONDITION (Unaudited)			
Cash and Due From Banks     \$ 5,608     \$ 4,602       Interest Bearing Balances with Banks     5,428     9,782       Investment Securities     184,644     184,444       Loans, net     265,789     254,427       Allowance for Loan Losses     (2,462)     (2,444)       Net Loans     8,531     8,331       Bank Premise and Equipment, Net     8,531     8,331       Accrued Interest Receivable     1,634     1,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$ 483,392     \$ 474,893       LIABILITIES AND STOCKHOLDERS' EQUITY     90     0     0       Deposits     380,781     377,719     431,612       Short Term Borrowing     0     0     0       Long Term Borrowing     0     0     0       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     7     1430     1,827       TOTAL LIABILITIES     3,832     3,832     3,832       Stockholders' Equity     <			<u>2014</u>	<u>2013</u>
Interest Bearing Balances with Banks     5,428     9,782       Investment Securities     184,644     184,445       Loans Held for Sale     811     1,160       Loans, net     265,789     254,427       Allowance for Loan Losses     (2,462)     (2,444)       Net Loans     263,327     251,983       Bank Premise and Equipment, Net     8,531     8,361       Accrued Interest Receivable     1,634     1,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$     483,392     \$       LIABILITIES AND STOCKHOLDERS' EQUITY     Deposits:     380,781     377,719       Non-interest Bearing     380,781     377,719     436,447     431,612       Short Term Borrowing     0     0     0     0       Long Term Borrowing     0     0     0     0       Accrued Interest Payable     117     146     1,627     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150     150       Surplus     3,832	ASSETS			
Investment Securities     184,644     184,445       Loans Held for Sale     811     1,160       Loans, net     265,789     254,427       Allowance for Loan Losses     (2,444)     184,644     184,644       Net Loans     263,327     251,983       Bank Premise and Equipment, Net     8,531     8,361       Accrued Interest Receivable     1,634     0,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$ 55,666     \$ 53,893       Interest Bearing     380,781     377,719       Total Deposits     380,781     377,719       Total Deposits     380,781     377,719       Total Deposits     0     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     437,572     433,585       Stockholders' Equity     2,000,000 Shares Authorized;     150     150       None Outstanding     150     150     150 </td <td>Cash and Due From Banks</td> <td>\$</td> <td>5,608 \$</td> <td>4,602</td>	Cash and Due From Banks	\$	5,608 \$	4,602
Loans Held for Sale     811     1,160       Loans, net     265,789     254,427       Allowance for Loan Losses     (2,444)     263,327     251,983       Bank Premise and Equipment, Net     8,531     8,361     4,634     1,634     1,634       Accrued Interest Receivable     1,634     1,634     1,634     1,634     1,634       Other Assets     13,409     12,926     107AL ASSETS     \$ 483,392     \$ 474,893       LIABILITIES AND STOCKHOLDERS' EQUITY     Deposits:     380,781     377,719       Non-interest Bearing     380,781     377,719     377,719       Total Deposits     0     0     0       Short Term Borrowing     0     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150       Common Stock-Par Value \$.10; 5,000,000 Authorized     1,502,500 Issued     150     150	Interest Bearing Balances with Banks		5,428	9,782
Loans, net     265,789     254,427       Allowance for Loan Losses     (2,462)     (2,444)       Net Loans     263,327     251,983       Bank Premise and Equipment, Net     8,531     8,361       Accrued Interest Receivable     1,634     1,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$     483,392     \$       LIABILITIES AND STOCKHOLDERS' EQUITY     265,666     \$     53,893       Interest Bearing     380,781     377,719       Total Deposits     380,781     377,719       Short Term Borrowing     0     0     0       Long Term Borrowing     0     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     1,502,500 Issued     150       Common Stock-Par Value \$.10; 5,000,000 Authorized     1,502,500 Issued     150     150       Surplus     3,832     3,832	Investment Securities		184,644	184,445
Allowance for Loan Losses   (2,462)   (2,444)     Net Loans   263,327   251,983     Bank Premise and Equipment, Net   8,531   8,361     Accrued Interest Receivable   1,634   1,634     Other Assets   13,409   12,926     TOTAL ASSETS   \$   483,392   \$     LIABILITIES AND STOCKHOLDERS' EQUITY   Deposits:   380,781   377,719     Non-interest Bearing   380,781   377,719     Total Deposits   0   0   0     Short Term Borrowing   0   0   0     Long Term Borrowing   0   0   0     Accrued Interest Payable   117   146     Other Liabilities   1,008   1,827     TOTAL LIABILITIES   437,572   433,585     Stockholders' Equity   Preferred Stock-2,000,000 Shares Authorized;   1     None Outstanding   3,832   3,832   3,832     Common Stock-Par Value \$.10; 5,000,000 Authorized   150   150     1,502,500 Issued   150   150   150     Surplus   3,832   3,832   3,832   3,832 </td <td>Loans Held for Sale</td> <td></td> <td>811</td> <td>1,160</td>	Loans Held for Sale		811	1,160
Net Loans     263,327     221,983       Bank Premise and Equipment, Net     8,531     8,361       Accrued Interest Receivable     1,634     1,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$ 483,392     474,893       LIABILITIES AND STOCKHOLDERS' EQUITY     peposits:     Non-interest Bearing     380,781       Non-interest Bearing     380,781     377,719       Total Deposits     0     0       Short Term Borrowing     0     0       Long Term Borrowing     0     0       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     1,008     1,827       TOTAL LIABILITIES     3,832     3,832     3,832     3,832       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     1,500,150     150       Surplus     3,832     3,832     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)	Loans, net		265,789	254,427
Bank Premise and Equipment, Net     8,531     8,361       Accrued Interest Receivable     1,634     1,634       Other Assets     13,409     12,926       TOTAL ASSETS     \$ 483,392     \$ 474,893       LIABILITIES AND STOCKHOLDERS' EQUITY     Deposits:     380,781     377,719       Non-interest Bearing     380,781     377,719     436,447     431,612       Total Deposits     0     0     0     0     0     0       Long Term Borrowing     0	Allowance for Loan Losses		(2,462)	(2,444)
Accrued Interest Receivable   1,634   1,634     Other Assets   13,409   12,926     TOTAL ASSETS   483,392   474,893     LIABILITIES AND STOCKHOLDERS' EQUITY   Deposits:   380,781   377,719     Non-interest Bearing   380,781   377,719   436,447   431,612     Short Term Borrowing   0   0   0   0     Long Term Borrowing   0   0   0   0     Accrued Interest Payable   117   146   1,608   1,827     TOTAL LIABILITIES   1,008   1,827   433,585     Stockholders' Equity   Preferred Stock-2,000,000 Shares Authorized;   150   150     None Outstanding   1,502,500 Issued   150   150   150     Storplus   3,832   3,832   3,832   3,832   3,832     Treasury Stock; 172,142 - 2014, 169,317 - 2013   (2,189)   (2,096)   (1,914)     Minority Interest   (62)   (36)   (62)   (36)     Retained Earnings   44,152   41,208   41,308	Net Loans		263,327	251,983
Other Assets TOTAL ASSETS $13,409$ $483,392$ $12,926$ $474,893$ LIABILITIES AND STOCKHOLDERS' EQUITY Deposits: Non-interest Bearing Interest Bearing $55,666$ $53,893$ $377,719$ Total Deposits Short Term Borrowing $0$ $0$ $0$ $0$ Long Term Borrowing $0$ $0$ Accrued Interest Payable Other Liabilities $117$ $146$ $0$ $0$ $1427$ $437,572$ TOTAL LIABILITIES $117$ $437,572$ $146$ 	Bank Premise and Equipment, Net		8,531	8,361
TOTAL ASSETS   \$ 483,392   \$ 474,893     LIABILITIES AND STOCKHOLDERS' EQUITY     Deposits:   Non-interest Bearing   \$ 55,666   \$ 53,893     Interest Bearing   380,781   377,719     Total Deposits   380,781   377,719     Total Deposits   0   0   0     Short Term Borrowing   0   0   0     Long Term Borrowing   0   0   0     Other Liabilities   1,008   1,827     TOTAL LIABILITIES   437,572   433,585     Stockholders' Equity   437,572   433,585     Preferred Stock-2,000,000 Shares Authorized;   150   150     None Outstanding   3,832   3,832   3,832     Treasury Stock; 172,142 - 2014, 169,317 - 2013   (2,189)   (2,096)     Unrealized Gains (Loss) Available for Sale Securities   526   164     Comprehensive Income Adjustment   (589)   (1,914)     Minority Interest   (62)   (36)     Retained Earnings   44,152   41,208     TOTAL STOCKHOLDERS' EQUITY   45,820   41,308	Accrued Interest Receivable		1,634	1,634
LIABILITIES AND STOCKHOLDERS' EQUITY Deposits: Non-interest Bearing Interest Bearing Total Deposits Short Term Borrowing Long Term Borrowing O Accrued Interest Payable Other Liabilities TOTAL LIABILITIES Stockholders' Equity Preferred Stock-2,000,000 Shares Authorized; None Outstanding Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued 150 Surplus Treasury Stock; 172,142 - 2014, 169,317 - 2013 Unrealized Gains (Loss) Available for Sale Securities Stock Holders' Equity Minority Interest Retained Earnings TOTAL STOCKHOLDERS' EQUITY LIABILITIES L	Other Assets		13,409	12,926
LIABILITIES AND STOCKHOLDERS' EQUITY Deposits: Non-interest Bearing Interest Bearing Total Deposits Short Term Borrowing Long Term Borrowing O Accrued Interest Payable Other Liabilities TOTAL LIABILITIES Stockholders' Equity Preferred Stock-2,000,000 Shares Authorized; None Outstanding Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued 150 Surplus Treasury Stock; 172,142 - 2014, 169,317 - 2013 Unrealized Gains (Loss) Available for Sale Securities Stock Holders' Equity Minority Interest Retained Earnings TOTAL STOCKHOLDERS' EQUITY LIABILITIES L	TOTAL ASSETS	\$	483,392 \$	474,893
Deposits:     Non-interest Bearing     \$ 55,666 \$ 53,893       Interest Bearing     380,781     377,719       Total Deposits     436,447     431,612       Short Term Borrowing     0     0       Long Term Borrowing     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150       Common Stock-Par Value \$.10; 5,000,000 Authorized     1,502,500 Issued     150     150       Surplus     3,832     3,832     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164     194,152     41,208       Comprehensive Income Adjustment     (62)     (36)     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308     44,152     41,308				
Deposits:     Non-interest Bearing     \$ 55,666 \$ 53,893       Interest Bearing     380,781     377,719       Total Deposits     436,447     431,612       Short Term Borrowing     0     0       Long Term Borrowing     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150       Common Stock-Par Value \$.10; 5,000,000 Authorized     1,502,500 Issued     150     150       Surplus     3,832     3,832     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164     194,152     41,208       Comprehensive Income Adjustment     (62)     (36)     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308     44,152     41,308				
Deposits:     Non-interest Bearing     \$ 55,666 \$ 53,893       Interest Bearing     380,781     377,719       Total Deposits     436,447     431,612       Short Term Borrowing     0     0       Long Term Borrowing     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150       Common Stock-Par Value \$.10; 5,000,000 Authorized     1,502,500 Issued     150     150       Surplus     3,832     3,832     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164     194,152     41,208       Comprehensive Income Adjustment     (62)     (36)     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308     44,152     41,308	LIABILITIES AND STOCKHOLDERS' EQUITY			
Non-interest Bearing     \$ 55,666 \$ 53,893       Interest Bearing     380,781     377,719       Total Deposits     0     0     0       Short Term Borrowing     0     0     0       Long Term Borrowing     0     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     433,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150       Common Stock-Par Value \$.10; 5,000,000 Authorized     150     150     150       Surplus     3,832     3,832     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164       Comprehensive Income Adjustment     (589)     (1,914)       Minority Interest     (62)     (36)       Retained Earnings     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308				
Interest Bearing     380,781     377,719       Total Deposits     436,447     431,612       Short Term Borrowing     0     0       Long Term Borrowing     0     0       Accrued Interest Payable     117     146       Other Liabilities     1,008     1,827       TOTAL LIABILITIES     437,572     433,585       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized;     None Outstanding       Common Stock-Par Value \$.10; 5,000,000 Authorized     150     150       1,502,500 Issued     150     150     150       Surplus     3,832     3,832     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164     Comprehensive Income Adjustment     (589)     (1,914)       Minority Interest     (62)     (36)     Retained Earnings     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308     50     50     50	•	\$	55,666 \$	53,893
Total Deposits   436,447   431,612     Short Term Borrowing   0   0     Long Term Borrowing   0   0     Accrued Interest Payable   117   146     Other Liabilities   1,008   1,827     TOTAL LIABILITIES   433,585     Stockholders' Equity   437,572   433,585     Stockholders' Equity   437,572   433,585     Stockholders' Equity   437,572   433,585     Stockholders' Equity   150   150     Preferred Stock-2,000,000 Shares Authorized;   3,832   3,832     None Outstanding   3,832   3,832     Common Stock-Par Value \$.10; 5,000,000 Authorized   150   150     1,502,500 Issued   150   150     Surplus   3,832   3,832     Treasury Stock; 172,142 - 2014, 169,317 - 2013   (2,189)   (2,096)     Unrealized Gains (Loss) Available for Sale Securities   526   164     Comprehensive Income Adjustment   (589)   (1,914)     Minority Interest   (62)   (36)     Retained Earnings   44,152   41,208     TOTAL STOCKHOLDERS' E	0	Ŷ	, , ,	•
Short Term Borrowing     0     0     0       Long Term Borrowing     0     0     0     0     0       Accrued Interest Payable     117     146     1,008     1,827     1,008     1,827       TOTAL LIABILITIES     433,572     433,585     433,585     3     3     3     3     3     3     5       Stockholders' Equity     Preferred Stock-2,000,000 Shares Authorized; None Outstanding     150     150     150     3	5			
Long Term Borrowing00Accrued Interest Payable117146Other Liabilities1,0081,827TOTAL LIABILITIES437,572433,585Stockholders' Equity Preferred Stock-2,000,000 Shares Authorized; None Outstanding Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued150150Surplus3,8323,8323,832Treasury Stock; 172,142 - 2014, 169,317 - 2013 Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment(589)(1,914)Minority Interest TOTAL STOCKHOLDERS' EQUITY44,15241,208	•		•	•
Accrued Interest Payable117146Other Liabilities1,0081,827TOTAL LIABILITIES437,572433,585Stockholders' EquityPreferred Stock-2,000,000 Shares Authorized; None Outstanding437,572433,585Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued150150Surplus3,8323,8323,832Treasury Stock; 172,142 - 2014, 169,317 - 2013 Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment(589)(1,914)Minority Interest Retained Earnings(62)(36)Retained Earnings44,15241,208TOTAL STOCKHOLDERS' EQUITY45,82041,308	Ū Ū			
Other Liabilities1,0081,827TOTAL LIABILITIES437,572433,585Stockholders' Equity Preferred Stock-2,000,000 Shares Authorized; None Outstanding Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued150150Surplus3,8323,8323,832Treasury Stock; 172,142 - 2014, 169,317 - 2013 Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment Minority Interest TOTAL STOCKHOLDERS' EQUITY(62)(36)TOTAL STOCKHOLDERS' EQUITY45,82041,308	Long Torm Donowing		Ū	Ŭ
Other Liabilities1,0081,827TOTAL LIABILITIES437,572433,585Stockholders' Equity Preferred Stock-2,000,000 Shares Authorized; None Outstanding Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued150150Surplus3,8323,8323,832Treasury Stock; 172,142 - 2014, 169,317 - 2013 Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment Minority Interest TOTAL STOCKHOLDERS' EQUITY(62)(36)TOTAL STOCKHOLDERS' EQUITY45,82041,308	Accrued Interest Pavable		117	146
TOTAL LIABILITIES   437,572   433,585     Stockholders' Equity   Preferred Stock-2,000,000 Shares Authorized; None Outstanding   437,572   433,585     Common Stock-2,000,000 Shares Authorized; 1,502,500 Issued   150   150     Surplus   3,832   3,832     Treasury Stock; 172,142 - 2014, 169,317 - 2013   (2,189)   (2,096)     Unrealized Gains (Loss) Available for Sale Securities   526   164     Comprehensive Income Adjustment   (589)   (1,914)     Minority Interest   (62)   (36)     Retained Earnings   44,152   41,208     TOTAL STOCKHOLDERS' EQUITY   45,820   41,308	•			
Stockholders' Equity Preferred Stock-2,000,000 Shares Authorized; None Outstanding Common Stock-Par Value \$.10; 5,000,000 Authorized 1,502,500 Issued150Surplus150150Surplus3,8323,832Treasury Stock; 172,142 - 2014, 169,317 - 2013(2,189)(2,096)Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment(589)(1,914)Minority Interest(62)(36)Retained Earnings44,15241,208TOTAL STOCKHOLDERS' EQUITY45,82041,308				
Preferred Stock-2,000,000 Shares Authorized; None OutstandingCommon Stock-Par Value \$.10; 5,000,000 Authorized1,502,500 Issued1,502,500 IssuedSurplusTreasury Stock; 172,142 - 2014, 169,317 - 2013Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment(589)Minority Interest(62)Retained EarningsTOTAL STOCKHOLDERS' EQUITY45,82041,308			407,072	400,000
Preferred Stock-2,000,000 Shares Authorized; None OutstandingCommon Stock-Par Value \$.10; 5,000,000 Authorized1,502,500 Issued1,502,500 IssuedSurplusTreasury Stock; 172,142 - 2014, 169,317 - 2013Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment(589)Minority Interest(62)Retained EarningsTOTAL STOCKHOLDERS' EQUITY45,82041,308	Stockholders' Equity			
None Outstanding       Common Stock-Par Value \$.10; 5,000,000 Authorized       1,502,500 Issued     150       Surplus     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164       Comprehensive Income Adjustment     (589)     (1,914)       Minority Interest     (62)     (36)       Retained Earnings     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308				
Common Stock-Par Value \$.10; 5,000,000 Authorized     150     150       1,502,500 Issued     150     150       Surplus     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164       Comprehensive Income Adjustment     (589)     (1,914)       Minority Interest     (62)     (36)       Retained Earnings     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308				
1,502,500 Issued   150   150     Surplus   3,832   3,832     Treasury Stock; 172,142 - 2014, 169,317 - 2013   (2,189)   (2,096)     Unrealized Gains (Loss) Available for Sale Securities   526   164     Comprehensive Income Adjustment   (589)   (1,914)     Minority Interest   (62)   (36)     Retained Earnings   44,152   41,208     TOTAL STOCKHOLDERS' EQUITY   45,820   41,308				
Surplus     3,832     3,832       Treasury Stock; 172,142 - 2014, 169,317 - 2013     (2,189)     (2,096)       Unrealized Gains (Loss) Available for Sale Securities     526     164       Comprehensive Income Adjustment     (589)     (1,914)       Minority Interest     (62)     (36)       Retained Earnings     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308			150	150
Treasury Stock; 172,142 - 2014, 169,317 - 2013   (2,189)   (2,096)     Unrealized Gains (Loss) Available for Sale Securities   526   164     Comprehensive Income Adjustment   (589)   (1,914)     Minority Interest   (62)   (36)     Retained Earnings   44,152   41,208     TOTAL STOCKHOLDERS' EQUITY   45,820   41,308				
Unrealized Gains (Loss) Available for Sale Securities526164Comprehensive Income Adjustment(589)(1,914)Minority Interest(62)(36)Retained Earnings44,15241,208TOTAL STOCKHOLDERS' EQUITY45,82041,308	•		•	
Comprehensive Income Adjustment(589)(1,914)Minority Interest(62)(36)Retained Earnings44,15241,208TOTAL STOCKHOLDERS' EQUITY45,82041,308	•			,
Minority Interest(62)(36)Retained Earnings44,15241,208TOTAL STOCKHOLDERS' EQUITY45,82041,308				
Retained Earnings     44,152     41,208       TOTAL STOCKHOLDERS' EQUITY     45,820     41,308	· · ·		( )	. ,
TOTAL STOCKHOLDERS' EQUITY 45,820 41,308			· · ·	( )
IOTAL LIABILITIES AND STOCHOLDERS' EQUITY \$ 483,392 \$ 474,893		<u> </u>		· · · · · ·
	TOTAL LIABILITIES AND STOCHOLDERS' EQUITY	\$_	483,392 \$	474,893

## NORTHUMBERLAND BANCORP 245 Front Street, Northumberland, PA For the Quarter Ending June 30, 2014 and 2013 Amounts in thousands, except per share data

## STATEMENT OF INCOME (Unaudited)

STATEMENT OF INCOME (Unaddited)		Quarter Ended 2014 2013				Six Mor <u>2014</u>	s Ended <u>2013</u>	
INTEREST INCOME								
Interest and Fees on Loans								
Taxable	\$	2,984	\$	3,053	\$	5,923	\$	6,046
Tax Exempt		44		17		90		38
Interest on Investment Securities								
Taxable		372		403		725		768
Tax Exempt		362		397		730		803
Dividends		36		7		56		15
Interest on Interest Bearing Balances with Banks		6		6		8		10
TOTAL INTEREST INCOME	_	3,804		3,883	_	7,532		7,680
INTEREST EXPENSE								
Deposits		733		904		1,485		1,851
Other		1		0		<i>.</i> 1		0
TOTAL INTEREST EXPENSE		734		904	_	1,486		1,851
NET INTEREST INCOME		3,070		2,979		6,046		5,829
Loan Loss Provision	_	33		12	_	38		20
NET INTEREST INCOME AFTER LOAN LOSS PROVISION		3,037		2,967		6,008		5,809
		60		400		96		000
Gain (Loss) on Sale of Securities		63 80		108 83		86 151		232 159
Service Charges on Deposit Accounts Gain (Loss) on Loans Held for Sale		209		318		372		781
Other Service Charges		413		362		715		673
Trust Department Income		102		107		280		276
TOTAL OTHER INCOME	_	867		978	_	1,604		2,121
OTHER EXPENSES								
Salaries and Benefits		1,444		1,417		2,950		2,905
Occupancy Expenses		362		338		731		700
Other		891		886	_	1,694		1,650
TOTAL OTHER EXPENSES		2,697		2,641		5,375		5,255
INCOME BEFORE INCOME TAXES		1,207		1,304		2,237		2,675
Income Taxes		270		296		464		607
NET INCOME	\$	937	\$	1,008	\$	1,773	\$	2,068
Earnings per share	\$	0.70	_\$	0.76	\$	1.33	\$_	1.55
Weighted Average Shares Outstanding		1,330,804		1,333,183		1,331,346		1,333,183