

**Directors of Mauch Chunk Trust  
Financial Corp.**

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Patrick H. Reilly, President/Chief Executive Officer  
William R. Reabold, Secretary  
Dr. Edward C. Beckett III  
Thomas R. Lisella  
James R. Nanovic  
Ida M. Queen

**Other Officers**

Nicole Barbaro, Treasurer/Assistant Secretary

**Solicitor**

Nanovic Law Offices

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Christopher L. Wentz

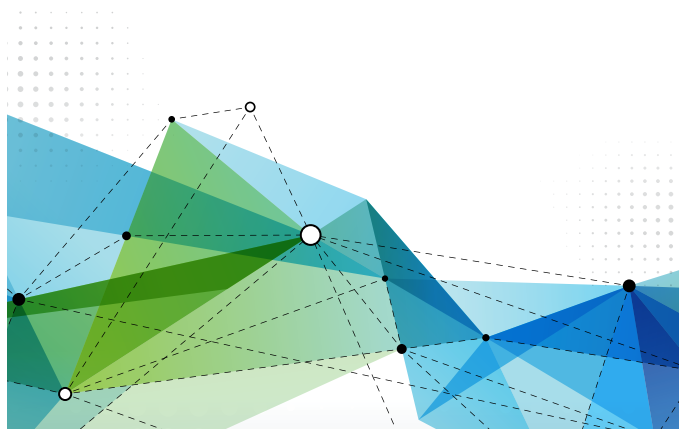
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Jeffrey P. Bowe  
Ettore DiCasimiro  
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John M. Nonnemacher  
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Tammy Sword  
Jon M. Zizelmann\*

\*Advisory Board Chairman

**1<sup>ST</sup> QUARTER  
2021**

**EARNINGS  
REPORT**



**MCT**  
Mauch Chunk  
Trust Financial



**To Our Shareholders:**

Net income for the three months ended March 31, 2021 was \$1.3 million, \$559 thousand more than the same period in 2020. On a per share basis, net income was \$ .38 this year versus \$ .20 last year.

Higher net income in 2021 is attributable to an increase in net interest income, a decrease in the provision for loan losses and higher net realized gains on the sales of securities, partially offset by a decrease in other income and increases in other expenses and taxes. The improvement in net interest income this year is the result of a decrease in interest expense.

Loans receivable, net of allowance, totaled \$219.2 million on March 31, 2021 a decrease of \$4.8 million from the last year. This decrease is attributable to the sale of MCT's purchased consumer loan portfolio and the repayment of Paycheck Protection Program (PPP) loans originated last year, partially offset by new PPP and commercial real estate loans.

Securities available for sale totaled \$287.1 million on March 31, 2021, \$75 million more than the same period in 2020. This change is attributable to a decrease in net loans receivable and higher deposits.

On March 31, 2021 total deposits were \$415 million, \$55 million higher than the same period in 2020. This increase is attributable to COVID related government spending combined with an economy which is still not fully re-opened from the pandemic. The change included both non-interest and lower cost interest bearing deposits and was used to fund the aforementioned growth in the investment portfolio.

Long term debt totaled \$65.9 million on March 31, 2021, \$15 million higher than 2020. This difference is attributable to our decision to re-leverage during the first

quarter of 2020, prior to the economic lockdown, by increasing long term debt and purchasing securities. The net results from these transactions was a reduction in interest expense and an increase in net interest income.

Total shareholders' equity capital on March 31, 2021 was \$43.1 million, \$604 thousand less than 2020. Lower equity capital this year is due to a decrease in value of accumulated other comprehensive loss of \$3.3 million offset by an increase in retain earnings of \$2.6 million.

Managing the balance sheet in the current environment has been an unusual test. COVID related government spending and a partially opened economy has the entire banking industry awash with deposits. Safely putting these funds to work has been a challenge made even more daunting by the million-dollar ebbs and flows of the Paycheck Protection Plan (PPP) loans.

We implemented a new marketing campaign during the first quarter. MCT Loans is intended to complement our advertising tag line Neighbors you know, Bankers you trust, and reinforces MCT's position as a leading, local real estate lender. Our improved supply of deposits combined with the increased demand for purchase money and mortgage refinancing has made this initiative timely as well as strategic.

As always, we thank you for your continued loyalty and support.

Sincerely,



Patrick H. Reilly  
President/Chief Executive Officer



Charles E. Wildoner  
Chairman of the Board

Consolidated Balance Sheets (unaudited)  
(Dollars in Thousands)

<b>Assets</b>	As of March 31,	
	<b>2021</b>	<b>2020</b>
Cash and due from banks	\$ 4,698	\$ 4,767
Securities available for sale, at fair value	287,090	212,097
Restricted investment in bank stock	3,154	2,647
Loans receivable, net of allowance for loan losses 2021 \$3,445; 2020 \$2,703	219,210	224,007
Other real estate owned	-	-
Bank premises and equipment, net	8,936	9,457
Accrued interest receivable	2,592	1,691
Investment in life insurance	10,031	9,755
Prepaid expenses and other assets	2,753	1,477
<b>Total assets</b>	<b>\$ 538,464</b>	<b>\$ 465,898</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Non-interest bearing	\$ 70,476	\$ 43,929
Interest bearing	344,840	316,807
Total deposits	415,316	360,736
Securities sold under agreements to repurchase	5,698	3,266
Other borrowed funds	5,567	4,384
Other liabilities	2,822	3,033
Long-term debt	65,986	50,800
Total Liabilities	495,389	422,219
<b>Stockholders' Equity</b>		
Common stock, no par value; authorized 15,000,000 shares; 2021 issued 3,392,336 shares; outstanding 3,346,718 2020 issued 3,392,336 shares; outstanding 3,346,718	8,497	8,497
Retained earnings	36,629	33,981
Accumulated other comprehensive loss	(1,462)	1,790
Treasury stock, at cost, 2021 45,618; 2020 45,618	(589)	(589)
Total stockholders' equity	43,075	43,679
Total liabilities and stockholders' equity	\$ 538,464	\$ 465,898
<b>BOOK VALUE PER SHARE</b>	<b>\$ 12.87</b>	<b>\$ 13.03</b>

Consolidated Statement of Income (unaudited)  
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2021	2020
<b>Interest Income</b>		
Loans receivable, including fees	\$ 2,179	\$ 2,642
Securities:		
Taxable	1,500	1,388
Tax-exempt	370	53
<b>Total interest income</b>	<b>4,049</b>	4,083
<b>Interest expense</b>		
Deposits	194	711
Borrowings	239	196
<b>Total interest expense</b>	<b>433</b>	907
<b>Net interest income</b>	<b>3,616</b>	3,176
<b>Provision for Loan Losses</b>	<b>143</b>	230
<b>Net interest income after provision for loan losses</b>	<b>3,473</b>	2,946
<b>Other Income</b>		
Service fees	363	362
Wealth management fees	219	176
Net realized gains on sales of securities	433	135
Income on insurance policies	58	76
Other	40	137
<b>Total other income</b>	<b>1,113</b>	886
<b>Other Expenses</b>		
Salaries and benefits	1,512	1,474
Occupancy and equipment	476	418
Director's fees	79	78
Professional fees	142	95
FDIC insurance and assessments	51	21
Data processing	286	291
Advertising	52	49
Pennsylvania bank shares tax	84	62
Other operating	385	484
<b>Total other expenses</b>	<b>3,067</b>	2,972
<b>Income before income taxes</b>	<b>1,519</b>	860
<b>Income Tax Expense</b>	<b>241</b>	141
<b>Net income</b>	<b>\$ 1,278</b>	\$ 719
<b>Basic Earnings Per Share</b>	<b>\$ 0.38</b>	\$ 0.21
<b>Weighted Average Shares Outstanding</b>	<b>3,346,718</b>	3,353,382