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Financial Corp.**

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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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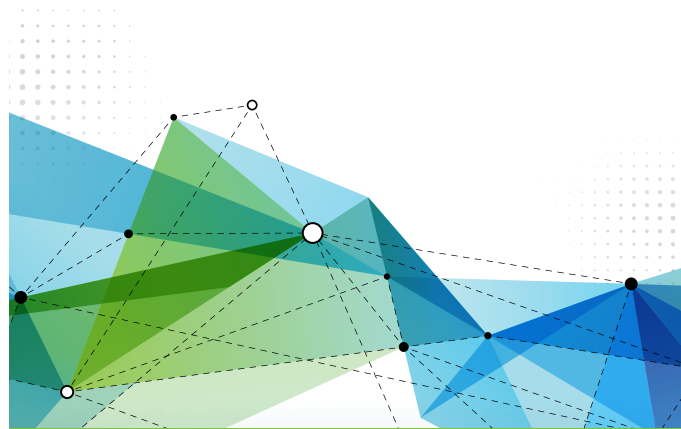
Tamaqua Advisory Board

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Jeffrey P. Bowe
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Tammy Sword
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*Advisory Board Chairman

**2ND QUARTER
2021**

**EARNINGS
REPORT**



MCT
Mauch Chunk
Trust Financial

To Our Shareholders:

Net income for the six months ended June 30, 2021, was \$2.49 million, \$1 million higher than the first half of 2020. On a per share basis, net income year-to-date was \$.74 this year compared to \$.44 last year. For the three months ending June 30, 2021, net income was \$1.17 million, \$412 thousand higher than last year. On a per share basis, second quarter net income was \$.35 and \$.22, respectively, for 2021 and 2020.

Higher net income, year-to-date, and for the three-months ended June 30, 2021, is attributable to an increase in net interest income and a decrease in the provision for loan losses, partially offset by a reduction in other income, mainly lower gains on the sales of securities, as well as increases in other expenses and taxes.

On June 30, 2021, securities available for sale totaled \$322.7 million, \$92 million higher than last year. This change is the result of management's decision to increase the securities portfolio to maintain the net interest margin in the face of unusually strong deposit growth.

Net loans receivable totaled \$224.6 million on June 30, 2021, \$10.2 million lower than 2020. This change is primarily attributable to a decrease in the amount of purchased consumer and Paycheck Protection Program (PPP) loans compared to June 30, 2020, partially offset by an increase in in-market commercial and mortgage loans.

Total deposits were \$453.4 million on June 30, 2021, \$71 million more than 2020. Non-interest-bearing deposits were \$76.1 million or \$17 million higher than the prior year; interest-bearing deposits were \$377 million or \$54 million higher than last year. Higher deposits this year is mainly attributable to customers receiving monies from the American Rescue Plan.

Long-term debt on June 30, 2021, was \$61 million, \$8.1 million less than June 30, 2020. This reduction is

attributable to management's decision to reduce long term debt because of higher deposit balances.

MCTFC's equity capital remains well above the minimum regulatory requirements to be considered "well-capitalized". Total shareholders' equity, on June 30, 2021, was \$47.5 million, \$1.1 million higher than 2020. The change in equity capital this year is attributable to an increase in retained earnings, partially offset by a decrease in accumulated other comprehensive income.

The Board of Directors has extended through December 31 2021 the treasury stock repurchase program providing for the repurchase by the Corporation of up to 150,000 shares (4.9%) of its outstanding common stock in the open market and in privately negotiated transactions, subject to market conditions and other requirements.

Please visit www.mauchchunktrust.com/Investor-Relations for more details.

Thanks to the successful vaccine roll out, Pennsylvania's mask mandate was removed in June and local economic activity is considerably improved. Although there are plenty of reasons to be cautious, Covid-19's delta variant, higher inflation, uncertain fiscal policy, etc., we remain hopeful this surprisingly strong recovery will be sustained.

MCT recorded an excellent first half and our outlook for the remainder of 2021 is cautiously optimistic.

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 Sheet (unaudited)
(Dollars in Thousands)

Assets	As of June 30,	
	<u>2021</u>	<u>2020</u>
Cash and due from banks	\$ 4,984	\$ 4,954
Federal funds sold	-	11,825
Securities available for sale, at fair value	322,683	230,396
Restricted investment in bank stock	3,097	3,280
Loans receivable, net of allowance for loan losses 2021 \$3,569; 2020 \$3,335	224,574	234,782
Other Realestate Owned	-	32
Bank premises and equipment, net	8,769	9,282
Accrued interest receivable	2,495	2,128
Investment in life insurance	10,097	9,822
Prepaid expenses and other assets	1,354	1,336
Total assets	<u>\$ 578,053</u>	<u>\$ 507,837</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 76,123	\$ 58,999
Interest bearing	377,269	<u>323,414</u>
Total deposits	453,392	382,413
Securities sold under agreements to repurchase	7,974	4,983
Other Borrowed Funds	3,859	150
Other liabilities	4,332	4,759
Long-term debt	60,986	<u>69,118</u>
Total Liabilities	<u>530,543</u>	<u>461,423</u>
Stockholders' Equity		
Common stock, no par value; authorized 15,000,000 shares; issued 3,392,336 shares; outstanding 2021 3,346,718 shares; 2020 3,346,718 shares	8,497	8,497
Retained earnings	37,301	34,231
Accumulated other comprehensive gain	2,301	4,275
Treasury stock, at cost, 2021 45,618; 2020 45,618	(589)	<u>(589)</u>
Total stockholders' equity	<u>47,510</u>	<u>46,414</u>
Total liabilities and stockholders' equity	<u>\$ 578,053</u>	<u>\$ 507,837</u>
BOOK VALUE PER SHARE	\$ 14.20	\$ 13.84

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest Income				
Loans receivable, including fees	\$ 2,342	\$ 2,670	\$ 4,521	\$ 5,312
Securities:				
Taxable	1,647	1,318	3,147	2,706
Tax-exempt	370	133	740	186
Interest Income fed funds sold	1	1	1	1
Total interest income	4,360	4,122	8,409	8,205
Interest expense				
Deposits	166	391	360	1,102
Borrowings	236	235	475	431
Total interest expense	402	626	835	1,533
Net interest income	3,958	3,496	7,574	6,672
Provision for Loan Losses	137	866	280	1,096
Net interest income after provision for loan losses	3,821	2,630	7,294	5,576
Other Income				
Service fees	382	304	745	666
Wealth management fees	236	172	455	348
Net realized gains on sales of securities	0	538	433	673
Net realized gains on sales of foreclosed assets	0	0	42	0
Income on insurance policies	61	78	119	154
Other	39	51	79	188
Total other income	718	1,143	1,873	2,029
Other Expense				
Salaries and benefits	1,563	1,283	3,075	2,757
Occupancy and equipment	407	396	883	814
Director's fees	81	78	160	156
Professional fees	78	97	220	192
FDIC insurance and assessments	51	38	102	59
Data processing	283	287	569	578
Advertising	53	48	105	97
Pennsylvania bank shares tax	85	67	169	129
Other operating	607	596	992	1,082
Total other expenses	3,208	2,890	6,275	5,864
Income before income taxes	1,331	883	2,892	1,741
Income Tax Expense	166	130	407	271
Net income	\$ 1,165	\$ 753	\$ 2,485	\$ 1,470
Basic Earnings Per Share	\$ 0.35	\$ 0.22	\$0.74	\$ 0.44
Weighted Average Shares Outstanding	3,346,718	3,353,383	3,346,718	3,350,050
Dividends Paid	\$ 0.16	\$ 0.15	\$ 0.16	\$ 0.15