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Financial Corp.**

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Thomas R. Lisella
James R. Nanovic
Ida M. Queen
Brian Seitz

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Leah Crouthamel, Assistant Secretary

Solicitor

Nanovic Law Offices

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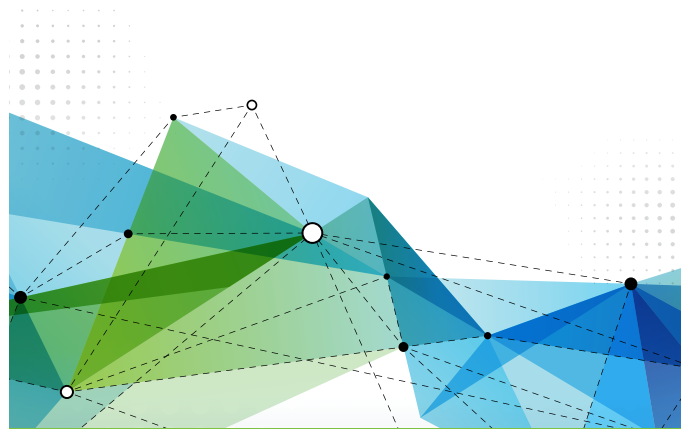
Tamaqua Advisory Board

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Tammy Sword
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*Advisory Board Chairman

**3RD QUARTER
2021**

**EARNINGS
REPORT**



MCT
Mauch Chunk
Trust Financial

To Our Shareholders:

Net income for the nine months ended September 30, 2021 was \$3.7 million, or \$1.5 million more than the same period in 2020. On a per share basis, net income year to date was \$1.12 this year compared to \$.66 last year. For the three months ending September 30, 2021, net income was \$1.3 million, \$520 thousand more than the same period in 2020. On a per share basis, third quarter net income was \$.37 this year versus \$.22 last year.

The year to date increase in net income is attributable to higher net interest income, decreases in the provisioning for loan losses, partially offset by lower other income and higher other expense and income tax. Higher net income for the three months ended September 30 this year is attributable to higher net interest income, decreases in the provisioning for loan losses, partially offset by lower other income and higher other expense and income tax.

Lower federal funds this year is the result of growth in the investment portfolio. On September 30, 2021, securities available for sale totaled \$353.1 million, \$123.8 million higher than September 2020. This increase is attributable to an increase in deposits as well as changes in the portfolio's market value.

On September 30, 2021, net loans receivable totaled \$227.5 million, \$6.5 million higher than last year. This change is mainly attributable to commercial loan growth within MCT's primary geographic market area offset by the early repayment of purchased commercial loans and first round Paycheck Protection Program (PPP) loans.

Total deposits were \$488 million on September 30, 2021, an increase of \$109 million from 2020. The unusually high deposit growth this year is attributable in part to customers receiving monies from the American Rescue Plan and an increase in new deposit customers due to other bank branch closures within MCT's footprint.

Long term debt totaled \$60 million on September 30, 2021, \$10.1 million lower than 2020. This decrease is the result of maturing long term debt. This debt was extended during the 2nd quarter of 2020 to provide liquidity for one year to support the Paycheck Protection Program loans (PPP).

MCTFC's equity capital remains well above the minimum regulatory requirements to be considered "well-capitalized". Total shareholders' equity, on September 30, 2021, was \$48.7 million, \$328 thousand 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 gain and an increase in treasury stock.

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 <https://www.mct.bank/Investor-Relations> for more details.

In September, Mauch Chunk Trust Company updated its website address to www.mct.bank from the former www.mauchchunktrust.com.

We are pleased with the results of the first nine months of this year and are focused on making the final quarter of 2021 equally productive.

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 September 30,	
	<u>2021</u>	<u>2020</u>
Cash and due from banks	\$ 5,912	\$ 8,148
Federal funds sold	-	23,369
Securities available for sale, at fair value	353,116	229,301
Restricted investment in bank stock	3,166	3,319
Loans receivable, net of allowance for loan losses 2021 \$3,632; 2020 \$3,138	227,470	221,019
Other Real estate Owned	-	15
Bank premises and equipment, net	8,648	9,144
Accrued interest receivable	2,623	2,389
Investment in life insurance	10,164	9,887
Prepaid expenses and other assets	1,399	1,498
Total assets	<u>\$ 612,498</u>	<u>\$ 508,089</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 81,745	\$ 63,343
Interest bearing	406,236	315,592
Total deposits	487,981	378,935
Securities sold under agreements to repurchase	4,606	6,494
Other Borrowed Funds	8,157	150
Other liabilities	3,013	3,994
Long-term debt	60,000	70,103
Total Liabilities	<u>563,757</u>	<u>459,676</u>
Stockholders' Equity		
Common stock, no par value; authorized 15,000,000 shares; issued 3,392,336 shares; outstanding 2021 3,345,593 shares; 2020 3,346,718 shares	8,497	8,497
Retained earnings	38,552	34,961
Accumulated other comprehensive gain	2,296	5,544
Treasury stock, at cost, 2021 46,743; 2020 45,618	(604)	(589)
Total stockholders' equity	<u>48,741</u>	<u>48,413</u>
Total liabilities and stockholders' equity	<u>\$ 612,498</u>	<u>\$ 508,089</u>
BOOK VALUE PER SHARE	\$ 14.57	\$ 14.49

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

	Three Months Ended September 30, 2021	2020	Nine Months Ended September 30, 2021	2020
Interest Income				
Loans receivable, including fees	\$ 2,306	\$ 2,619	\$ 6,827	\$ 7,931
Securities:				
Taxable	1,745	1,106	4,892	3,812
Tax-exempt	423	294	1,163	480
Interest Income fed funds sold	1	119	2	120
Total interest income	4,475	4,138	12,884	12,343
Interest expense				
Deposits	170	308	530	1,410
Borrowings	237	244	712	675
Total interest expense	407	552	1,242	2,085
Net interest income	4,069	3,586	11,643	10,258
Provision for Loan Losses	71	346	351	1,442
Net interest income after provision for loan losses	3,998	3,240	11,292	8,816
Other Income				
Service fees	467	368	1,212	1,034
Wealth management fees	245	173	700	521
Net realized gains on sales of securities	-	457	433	1,130
Net realized gains on sales of foreclosed assets	-	-	42	-
Income on insurance policies	62	76	181	230
Other	58	26	137	214
Total other income	831	1,100	2,704	3,129
Other Expense				
Salaries and benefits	1,620	1,486	4,695	4,243
Occupancy and equipment	406	396	1,289	1,210
Director's fees	98	67	258	223
Professional fees	146	96	366	288
FDIC insurance and assessments	51	54	153	113
Data processing	348	283	917	861
Advertising	54	49	159	146
Pennsylvania bank shares tax	84	67	253	196
Loan sale loss	-	500	-	500
Other operating	581	535	1,573	1,617
Total other expenses	3,387	3,533	9,662	9,397
Income before income taxes	1,442	807	4,334	2,548
Income Tax Expense	192	77	599	348
Net income	\$ 1,250	\$ 730	\$ 3,735	\$ 2,200
Basic Earnings Per Share	\$ 0.37	\$ 0.22	\$ 1.12	\$ 0.66
Weighted Average Shares Outstanding	3,345,593	3,316,933	3,346,343	3,341,233
Dividends Paid	\$ 0.16	\$ 0.15	\$ 0.16	\$ 0.15