

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

Charles E. Wildoner, Chairman of Board (Deceased, April 2022)

Patrick H. Reilly, President/Chief Executive Officer

William R. Reabold, Secretary

Dr. Edward C. Beckett III

Charlene Grant

Thomas R. Lisella

James R. Nanovic

Ida M. Queen

Brian Seitz

Other Officers

Nicole Barbaro, Treasurer/Assistant Secretary

Leah Crouthamel, Assistant Secretary

Solicitor

Nanovic Law Offices

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Mary E. Enck

Sky Fogal

Shawn M. Kresge

Kevin J. McArdle*

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Lehighon Advisory Board

Dean R. Arner

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Jeff A. Hill*

Dr. William A. Howland

William G. Schwab

Dr. Daniel W. Steigerwalt

Christopher L. Wentz

Tamaqua Advisory Board

James C. Agosti

Jeffrey P. Bowe

Ettore DiCasimirro

Matthew J. Hope

Lucy M. Murphy

John M. Nonnemacher

Charles C. Snyder

Tammy Sword

Jon M. Zizelmann*

*Advisory Board Chairman

1ST QUARTER
2022

**EARNINGS
REPORT**

MCT
Mauch Chunk
Trust Financial

To Our Shareholders:

Net income for the three months ended March 31, 2022 was \$1.3 million, \$12 thousand less than the same period in 2021. On a per-share basis, net income was unchanged at \$.38.

Lower net income in 2022 is attributable to a decrease in other income, mainly gains on the sale of securities, and an increase in other expenses, partially offset by higher net interest income and decreases in the provision for loan losses and taxes.

Loans receivable, net of allowance, totaled \$231 million on March 31, 2022, an increase of \$11.7 million from the last year. This increase is attributable to an increase in commercial loans, organic and purchased, and mortgages, partially offset by a decrease in tax exempt loans.

Securities available for sale totaled \$342.3 million on March 31, 2022, \$55 million more than the same period in 2021. This increase is attributable to deposit growth in excess of loan demand.

On March 31, 2022, total deposits were \$513.5 million, \$98.1 million higher than the same period in 2021. This increase is attributable to existing customers receiving monies from the American Rescue Plan and a significant influx of new deposit customers as a result of bank branch closures within MCT's footprint during the past year.

Long term debt totaled \$75.5 million on March 31, 2022, \$9.5 million higher than 2021. On the same date this year, securities sold under agreement to repurchase totaled \$4.2 million, \$1.5 million less than last year and other borrowed funds totaled \$240 thousand, \$5.3 million lower than 2021. This shift in funding from overnight borrowings into a longer-term debt was made in anticipation of higher interest rates.

Total shareholders' equity capital on March 31, 2022 was \$20.3 million, \$22.7 million less than 2021. Lower equity capital this year is the result of a \$26.4 million increase in accumulated other comprehensive loss, the result of a change in the level of interest rates on the value of the securities portfolio, partially offset by an increase in retain earnings of \$3.8 million. MCTFC's capital remains well above the regulatory minimum requirements to be considered well capitalized.

The Board of Directors has extended the treasury stock repurchase program through December 31, 2022, 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.mct.bank/Investor-Relations or send an email to shareholderinfo@mct.bank for more details.

First quarter 2022 results were largely a continuation of 2021, but describing the outlook for the rest of this year as challenging is an understatement. Inflation is out of control and the Federal Reserve has promised to do whatever it takes to fix the problem its "lower for longer" interest rate policies helped to create. The impact on prices from the combination of aggressive fiscal policy, pandemic related supply bottlenecks and the tightest labor market since the 1950's was being felt long before Russia invaded Ukraine. In addition to the unbelievable devastation to people and property, the war has increased both economic uncertainty and market volatility.

This is not the first time in our bank's 120-year history that we have faced a difficult operating environment. We have found that if we focus first and foremost on taking good care of our customers our other problems are much easier to solve.

We were saddened by the loss of Charles E. Wildoner, Chairman of MCTFC's Board of Directors, who passed away on April 5, 2022. Charles served with honor and distinction as a member of our board for over 56 years. He joined the board in 1966 and was elected Chairman in 1993. Charlie was an outstanding chairman and an even better friend. Charming, gregarious, and infinitely curious, Charlie was one of a kind and will be greatly missed.

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

Sincerely,



Patrick H. Reilly
President/Chief Executive Officer

Consolidated Balance Sheets (unaudited)
(Dollars in Thousands)

Assets	As of March 31,	
	2022	2021
Cash and due from banks	\$ 6,423	\$ 4,698
Federal funds sold	896	-
Securities available for sale, at fair value	342,347	287,090
Restricted investment in bank stock	4,003	3,154
Loans receivable, net of allowance for loan losses 2022 \$3,767; 2021 \$3,445	230,952	219,210
Other real estate owned	-	-
Bank premises and equipment, net	8,379	8,936
Accrued interest receivable	2,672	2,592
Investment in life insurance	10,302	10,031
Prepaid expenses and other assets	10,489	2,753
Total assets	\$ 616,463	\$ 538,464
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 80,012	\$ 70,476
Interest bearing	433,449	344,840
Total deposits	513,461	415,316
Securities sold under agreements to repurchase	4,222	5,698
Other borrowed funds	240	5,567
Other liabilities	2,690	2,822
Long-term debt	75,524	65,986
Total Liabilities	596,137	495,389
Stockholders' Equity		
Common stock, no par value; authorized 15,000,000 shares; 2022 issued 3,392,336 shares; outstanding 3,336,678	8,497	8,497
2021 issued 3,392,336 shares; outstanding 3,346,718	40,440	36,629
Retained earnings	(27,898)	(1,462)
Accumulated other comprehensive loss	(713)	(589)
Treasury stock, at cost, 2022 55,658; 2021 45,618	20,326	43,075
Total stockholders' equity	\$ 616,463	\$ 538,464
Total liabilities and stockholders' equity	\$ 616,463	\$ 538,464
BOOK VALUE PER SHARE	\$ 6.09	\$ 12.87

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

	Three Months Ended March 31,	
	2022	2021
Interest Income		
Loans receivable, including fees	\$ 2,307	\$ 2,179
Securities:		
Taxable	1,899	1,500
Tax-exempt	473	370
Total interest income	4,679	4,049
Interest expense		
Deposits	149	194
Borrowings	245	239
Total interest expense	394	433
Net interest income	4,285	3,616
Provision for Loan Losses	60	143
Net interest income after provision for loan losses	4,225	3,473
Other Income		
Service fees	417	363
Wealth management fees	229	219
Net realized gains on sales of securities	-	433
Net realized gains on sales of foreclosed assets	-	42
Income on insurance policies	22	58
Other	79	40
Total other income	747	1,155
Other Expenses		
Salaries and benefits	1,680	1,512
Occupancy and equipment	437	476
Director's fees	86	79
Professional fees	116	142
FDIC insurance and assessments	62	51
Data processing	374	286
Advertising	58	52
Pennsylvania bank shares tax	105	84
Other operating	595	427
Total other expenses	3,513	3,109
Income before income taxes	1,459	1,519
Income Tax Expense	193	241
Net income	\$ 1,266	\$ 1,278
Basic Earnings Per Share	\$ 0.38	\$ 0.38
Weighted Average Shares Outstanding	3,336,678	3,346,718