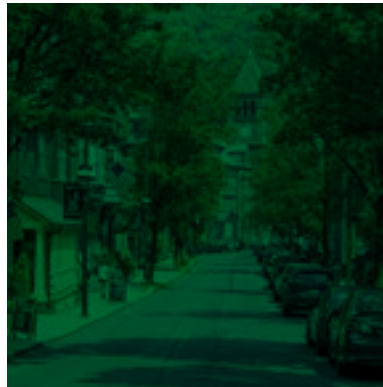


2025 ANNUAL REPORT



MCT
Mauch Chunk
Trust Financial

To Our Stockholders:

Net income for the year ended December 31, 2025, was \$1.3 million, a decrease of \$720 thousand over 2024 net income of \$2.0 million. On a per share basis, net income was \$.38 this year versus \$.60 last year.

Lower net income this year is attributable to lower other income and higher other expenses partially offset by an increase in net interest income and decreases in the allowance for credit losses as well as lower tax expense.

Federal funds sold totaled \$40.8 million on December 31, 2025, a decrease of \$9.8 million from 2024, the result of excess funds being invested or used for lending as short-term rates decreased during the year. On the same date, securities available for sale totaled \$277.3 million, \$6.3 million lower than December of last year. This decrease is attributable to redemptions of corporate debt securities and sales of municipal securities partially offset by investments made in mortgage-backed securities and reductions in the level of the unrealized loss on the portfolio.

On December 31, 2025, net loans receivable totaled \$282.7 million, \$14.3 million higher than last year. This increase is attributable to an increase in commercial loans, both organic and participation loans, consumer loans, and home equity loans, partially offset by a decline in purchased commercial loans, tax-free loans, and mortgages.

Total deposits were \$617.6 million on December 31, 2025, an increase of \$14.2 million from 2024. Deposit increases this year are attributable to increases in free and interest checking and savings accounts, partially offset by reductions in money market accounts and certificates of deposit. This shift is the result of a strategy change from pricing to grow deposit accounts in 2024 to pricing to retain them in 2025.

Federal Home Loan Bank borrowings totaled \$24.5 million on December 31, 2025, \$6.0 million lower than 2024.

Total shareholders' equity, on December 31, 2025, was \$2.3 million, \$9.6 million higher than 2024. The change in equity capital this year is attributable to a decrease in accumulated other comprehensive loss of \$8.8 million combined with an increase in retained earnings of \$699 thousand. The reduction in accumulated other comprehensive loss the mainly the result of a decrease in the unrealized loss in the securities portfolio brought about by lower interest rates at year end 2025 versus the prior year.

Since Financial Accounting Standards Board (FASB) 115, Accounting for Certain Investments in Debt and Equity Securities, became effective in 1994, it has been the bank's policy to hold investment securities as available for sale (AFS). To hold investment securities as AFS, unrealized gains or losses on securities, net of estimated taxes, must be reflected as other accumulated gains or losses in stockholder's equity.

While we did see a reduction in the accumulated other comprehensive loss this year compared to 2024 by \$8.8 million, overall, the portfolio still has a sizable level of loss. The loss is attributable to a decline in the market value of investment securities caused by the large and rapid increase in the level of interest rates that occurred in the beginning of 2022. This unrealized loss may persist for some time, but it is not permanent and will decrease as the securities approach maturity or the level of interest rates decrease. If necessary, MCTFC intends to hold these securities in portfolio to maturity.

MCTFC remains "well capitalized" and well above the minimum regulatory requirements.

Reflecting on the results of 2025, financially the bank was able to exceed its income goals, focusing on growing net interest income by increasing loans. New loan originations in 2025 hit a historic record of \$86.6 million for the year.

Short term interest rates reduced by 75 bps in 2025, welcome relief for the banking industry. This helped to decrease our deposit expense and level of interest rates needed to remain competitive for deposit accounts. The bank introduced the Power Savings account during 2025 which was well received and supplemented deposit growth during the year.

While economic conditions continue to evolve, we remain confident in the strength of our organization and our ability to respond to the needs of our customers and communities.

As we look ahead to 2026, we will continue investing in technologies that make banking easier and more accessible. Our focus is on strengthening the digital tools our customers rely on every day, so their experience is convenient, secure, and consistent whether they visit a branch, use our mobile app, or bank online. These investments support the personal relationships that have always defined Mauch Chunk Trust Company. By expanding our digital capabilities while maintaining the high level of service our customers expect, we believe we can provide modern banking convenience backed by the trusted guidance of a local community bank.

In January 2026, MCT announced the selection of Ms. Nicole Barbaro, Executive Vice President and Chief Financial Officer (CFO), to succeed Patrick H. Reilly as President and Chief Executive Officer (CEO) upon his retirement in September of 2026. As we thank Mr. Reilly for his past decades of dedicated leadership, we look forward with confidence to the future. With Ms. Barbaro at the helm and the continued commitment of our employees, partners, and stakeholders, we are well positioned to advance our mission and achieve even greater success in the years ahead.

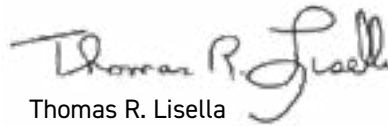
As always, we thank you for your continued loyalty and support.

Sincerely,



Patrick H. Reilly

President/Chief Executive Officer



Thomas R. Lisella

Chairman of the Board

Mauch Chunk Trust Financial Corp.

Consolidated Financial Statements

December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Mauch Chunk Trust Financial Corp.

Opinion

We have audited the consolidated financial statements of Mauch Chunk Trust Financial Corp. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Baker Tilly US, LLP

Allentown, Pennsylvania
March 6, 2026

Mauch Chunk Trust Financial Corp.

Consolidated Balance Sheets

December 31, 2025 and 2024

(Dollars in Thousands)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and due from banks	\$ 4,567	\$ 5,209
Federal funds sold	40,820	31,029
Total cash and cash equivalents	45,387	36,238
Securities available-for-sale	277,277	283,637
Equity securities	153	153
Restricted investment in bank stocks	1,485	1,741
Loans receivable, net of allowance for credit losses 2025 \$4,249; 2024 \$3,098	282,704	268,365
Bank premises and equipment, net	7,520	7,600
Accrued interest receivable	3,047	3,057
Investment in life insurance	14,971	14,488
Net deferred tax asset	14,366	16,655
Prepaid expenses and other assets	2,203	1,621
Total assets	<u>\$ 649,113</u>	<u>\$ 633,555</u>
Liabilities and Stockholders' Equity (Deficit)		
Liabilities		
Deposits:		
Noninterest bearing	\$ 84,868	\$ 81,520
Interest bearing	532,688	521,819
Total deposits	617,556	603,339
Securities sold under agreements to repurchase	1,371	3,324
Accrued interest payable	352	369
Other liabilities	2,998	3,336
Federal Home Loan Bank borrowings	24,500	30,500
Total liabilities	<u>646,777</u>	<u>640,868</u>
Stockholders' Equity (Deficit)		
Common stock, no par value; authorized 15,000,000 shares; 2025 issued 3,392,336 shares; outstanding 3,348,692 shares; 2024 issued 3,392,336 shares; outstanding 3,340,467 shares	8,497	8,497
Retained earnings	46,783	46,084
Accumulated other comprehensive loss	(52,376)	(61,225)
Treasury stock, at cost 2025 43,644 shares and 2024 51,869 shares	(568)	(669)
Total stockholders' equity (deficit)	<u>2,336</u>	<u>(7,313)</u>
Total liabilities and stockholders' equity	<u>\$ 649,113</u>	<u>\$ 633,555</u>

See notes to consolidated financial statements

Mauch Chunk Trust Financial Corp.

Consolidated Statements of Income
Years Ended December 31, 2025 and 2024
(Dollars in Thousands, Except Per Share Data)

	<u>2025</u>	<u>2024</u>
Interest Income		
Loans receivable, including fees	\$ 16,261	\$ 14,916
Securities:		
Taxable	7,833	7,840
Tax exempt	1,762	1,804
Other	<u>1,661</u>	<u>3,673</u>
Total interest income	<u>27,517</u>	<u>28,233</u>
Interest Expense		
Deposits	11,296	12,484
Borrowings	<u>1,033</u>	<u>1,021</u>
Total interest expense	<u>12,329</u>	<u>13,505</u>
Net interest income	15,188	14,728
Provision for credit losses	<u>1,194</u>	<u>1,362</u>
Net interest income after provision for credit losses	<u>13,994</u>	<u>13,366</u>
Other Income		
Service fees	2,258	3,226
Wealth management fees	1,209	1,107
Income on life insurance policies	417	574
Other	<u>109</u>	<u>102</u>
Total other income	<u>3,993</u>	<u>5,009</u>
Other Expenses		
Salaries and wages	6,234	6,052
Employee benefits	1,646	2,203
Occupancy and equipment	1,834	1,746
Director's fees	308	309
Professional fees	627	631
FDIC insurance and assessments	544	536
Data processing	2,711	2,343
Advertising	233	270
Net realized loss on sales of securities	699	349
Loss on sale of loans	36	-
Other	<u>1,935</u>	<u>1,982</u>
Total other expenses	<u>16,807</u>	<u>16,421</u>
Income before income taxes	1,180	1,954
Income Tax Benefit	<u>(100)</u>	<u>(46)</u>
Net income	<u>\$ 1,280</u>	<u>\$ 2,000</u>
Basic Earnings Per Share	<u>\$ 0.38</u>	<u>\$ 0.60</u>
Weighted-Average Shares Outstanding	<u>3,345,505</u>	<u>3,338,175</u>

See notes to consolidated financial statements

Mauch Chunk Trust Financial Corp.

Consolidated Statements of Comprehensive Income (Loss)

Years Ended December 31, 2025 and 2024

(Dollars in Thousands)

	<u>2025</u>	<u>2024</u>
Net Income	<u>\$ 1,280</u>	<u>\$ 2,000</u>
Other Comprehensive Income (Loss)		
Unrealized holding gains (losses) on securities available-for-sale	10,796	(7,223)
Reclassification adjustment for losses on sales of securities available-for-sale realized in net income ^(a)	<u>699</u>	<u>349</u>
Net unrealized gains (losses)	11,495	(6,874)
Tax effect ^(b)	<u>(2,414)</u>	<u>1,444</u>
Net of tax amount, available-for-sale securities	<u>9,081</u>	<u>(5,430)</u>
Derivative adjustments	(294)	(594)
Tax effect ^(c)	<u>62</u>	<u>202</u>
Net of tax amount, derivative adjustments	<u>(232)</u>	<u>(392)</u>
Total other comprehensive income (loss)	<u>8,849</u>	<u>(5,822)</u>
Total comprehensive income (loss)	<u>\$ 10,129</u>	<u>\$ (3,822)</u>

(a) Amounts are included in net realized gains on sales of securities on the Consolidated Statements of Income as a separate element within Other Income.

(b) The tax effect on unrealized holding gains on securities available-for-sale was \$(2,267) and \$1,517 for the years ended December 31, 2025 and 2024, respectively. The tax effect on gains on sales of securities available-for-sale was \$(147) and \$(73) for the years ended December 31, 2025 and 2024, respectively. Income tax amounts on unrealized holding gains on securities available-for-sale are included in the net deferred tax asset as described in Note 12. Income tax amounts on gains on sales of securities are included in income tax expense on the Consolidated Statements of Income.

(c) Income tax amounts on derivative adjustments are included in the net deferred tax asset as described in Note 12.

Mauch Chunk Trust Financial Corp.

Consolidated Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2025 and 2024
(Dollars in Thousands, Except Share Data)

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, December 31, 2023	\$ 8,497	\$ 45,065	\$ (55,403)	\$ (721)	\$ (2,562)
Net income	-	2,000	-	-	2,000
Other comprehensive loss	-	-	(5,822)	-	(5,822)
Dividends on common stock (0.29 per share)	-	(967)	-	-	(967)
Sale of treasury stock	-	-	-	52	52
Loss on sale of treasury stock	-	(14)	-	-	(14)
Balance, December 31, 2024	8,497	46,084	(61,225)	(669)	(7,313)
Net income	-	1,280	-	-	1,280
Other comprehensive gain	-	-	8,849	-	8,849
Dividends on common stock (\$0.16 per share)	-	(535)	-	-	(535)
Sale of treasury stock	-	-	-	101	101
Loss on sale of treasury stock	-	(46)	-	-	(46)
Balance, December 31, 2025	<u>\$ 8,497</u>	<u>\$ 46,783</u>	<u>\$ (52,376)</u>	<u>\$ (568)</u>	<u>\$ 2,336</u>

See notes to consolidated financial statements

Mauch Chunk Trust Financial Corp.

Consolidated Statements of Cash Flows

Years Ended December 31, 2025 and 2024

(Dollars in Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Net income	\$ 1,280	\$ 2,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,194	1,362
Provision for depreciation	708	683
Amortization of purchased mortgage premium	39	39
Amortization of right-of-use asset	9	122
Net realized loss on sales of securities	699	349
Net accretion of securities premiums and discounts	(28)	(11)
Net decrease in lease liability	(12)	(122)
Deferred income taxes	(108)	(48)
Earnings on investment in life insurance	(483)	(574)
Proceeds from sale of loans	4,058	-
Net realized loss on sale of loan portfolio	36	-
Decrease (increase) in assets:		
Accrued interest receivable	10	(38)
Prepaid expenses and other assets	(687)	153
Decrease in liabilities:		
Accrued interest payable	(17)	(174)
Other liabilities	(369)	(1,022)
Net cash provided by operating activities	<u>6,329</u>	<u>2,719</u>
Cash Flows From Investing Activities		
Available for sale securities:		
Purchases	(22,418)	(15,033)
Proceeds from sales	15,868	3,508
Maturities and principal repayments	23,734	7,070
Net increase in loans	(19,804)	(10,914)
Net decrease in restricted investment in bank stocks	256	1,693
Purchases of bank premises and equipment	(646)	(975)
Purchases of life insurance	-	(4,315)
Net cash used in investing activities	<u>(3,010)</u>	<u>(18,966)</u>
Cash Flows From Financing Activities		
Increase in deposits, net	14,217	35,022
Decrease in securities sold under agreements to repurchase	(1,953)	(97)
Proceeds from Federal Home Loan Bank borrowings	24,500	5,000
Repayment of Federal Home Loan Bank borrowings	(30,500)	(46,820)
Sale of treasury stock	101	52
Cash dividends	(535)	(967)
Net cash provided by (used in) financing activities	<u>5,830</u>	<u>(7,810)</u>
Net increase (decrease) in cash and cash equivalents	9,149	(24,057)
Cash and Cash Equivalents, Beginning of Year	<u>36,238</u>	<u>60,295</u>
Cash and Cash Equivalents, Ending of Year	<u>\$ 45,387</u>	<u>\$ 36,238</u>
Supplementary Cash Flows Information		
Interest paid	<u>\$ 12,347</u>	<u>\$ 13,505</u>
Federal income tax paid	<u>\$ 25</u>	<u>\$ 175</u>

See notes to consolidated financial statements

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

Nature of Operations and Principles of Consolidation

The consolidated financial statements include the accounts of Mauch Chunk Trust Financial Corp., a bank holding company, and its subsidiary, Mauch Chunk Trust Company (collectively the Company). All intercompany accounts and transactions have been eliminated in consolidation.

Mauch Chunk Trust Company (the Bank) operates under a state bank charter and provides full banking services, including trust services. As a state bank, the Bank is subject to regulation of the Pennsylvania Department of Banking and Securities and the Federal Deposit Insurance Corporation. The area served by the Bank is principally Carbon County, Pennsylvania. Mauch Chunk Trust Financial Corp. is subject to regulation by the Federal Reserve Bank.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the valuation of derivative financial instruments, the determination of other-than-temporary impairment on securities and the valuation of deferred tax assets.

Significant Concentrations of Credit Risk

Most of the Company's activities are with customers located within Carbon County, Pennsylvania. Note 3 discusses the types of securities that the Company invests in. Note 4 discusses the types of lending that the Company engages in. The Company does not have any significant concentrations in any one industry or customer. Although the Company has a diversified loan portfolio, its debtors' ability to honor their contracts is influenced by the regions' economy.

Cash and Cash Equivalents

For reporting of cash flows, cash and cash equivalents include cash on hand, amount due from banks and federal funds sold, all with maturities within 90 days. The Company maintains cash deposits in other depository institutions that occasionally exceed the amount of deposit insurance available. Management periodically assesses the financial condition of these institutions and believes that the risk of any possible credit loss is minimal. Generally, federal funds are purchased and sold for one day periods. There were \$40,820,000 and \$31,029,000 outstanding federal funds sold at December 31, 2025 and 2024, respectively.

Trust Assets

The Company provides trust services, including administration of trust and estates through its trust department. Assets held by the trust department in a fiduciary or agency capacity for its customers are not included in these consolidated financial statements because they are not assets of the Company.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Securities

Securities classified as available-for-sale are those securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Any decision to sell a security classified as available-for-sale would be based on various factors, including significant movement in interest rates, changes in maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations and other similar factors. Securities available-for-sale are carried at fair value. Unrealized gains or losses are reported as increases or decreases, net of the related deferred tax effect, in other comprehensive income (loss). Equity securities are carried at fair value with changes in fair value reported in income. Realized gains or losses, determined on the basis of the cost of the specific securities sold, are included in earnings. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before the recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

The Company has not recognized any credit losses for the years ended December 31, 2025 and 2024.

Restricted Investment in Bank Stocks

Restricted investment in bank stock consists of Federal Home Loan Bank (FHLB) stock in the amount of \$1,410,000 and \$1,666,000 on December 31, 2025 and 2024, respectively, and Atlantic Community Bankers Bank stock in the amount of \$75,000 on December 31, 2025 and 2024. Federal law requires a member institution of the FHLB to hold stock of its district FHLB according to a predetermined formula. The restricted stocks are carried at cost.

Management's determination of whether these investments are impaired is based on the Company's assessment of the ultimate recoverability of the Company's cost rather than by recognizing temporary declines in value. Management believes no impairment charge is necessary related to these restricted stocks as of December 31, 2025.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Company is generally amortizing these amounts over the contractual life of the loan. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the effective yield method.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

The loans receivable portfolio is segmented into commercial and consumer loans. Commercial loans consist of the following classes: purchased commercial and industrial, commercial real estate, investment single family real estate, multifamily, farmland, commercial and industrial and construction and land. Consumer loans consist of the following classes: single family real estate, single family home equity line of credit and consumer.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed. Interest received on nonaccrual loans, including individually evaluated loans, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Loans receivable includes a portfolio of purchased mortgages. Premiums related to this portfolio are amortized over the average expected term of the loans within the portfolio.

A majority of the Company's loan assets are loans to business owners of many types. The Company makes commercial loans for real estate development and other business purposes required by the customer base.

The Company's credit policies determine advance rates against the different forms of collateral that can be pledged against commercial loans. Typically, the majority of loans will be limited to a percentage of their underlying collateral values such as real estate values, equipment, eligible accounts receivable and inventory. Individual loan advance rates may be higher or lower depending upon the financial strength of the borrower and/or term of the loan. The assets financed through commercial loans are used within the business for its ongoing operation. Repayment of these kinds of loans generally comes from the cash flow of the business or the ongoing conversions of assets. Commercial real estate loans include long-term loans financing commercial properties. Repayment of this kind of loan is dependent upon either the ongoing cash flow of the borrowing entity or the resale of or lease of the subject property. Commercial real estate loans typically require a loan to value ratio of not greater than 75% and vary in terms.

Residential mortgages and home equity loans are secured by the borrower's residential real estate in either a first or second lien position. Residential mortgages and home equity loans have varying loan rates depending on the risk score of the borrower and the loan to value ratio. Residential mortgages have amortizations up to 30 years; home equity loans have maturities up to 15 years and home equity line of credit have maturities up to 35 years.

Other consumer loans include installment loans and car loans. The majority of these loans are unsecured.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. When management determines that foreclosure is probable, or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. Loans that experience insignificant payment delays and payment shortfalls generally are not individually evaluated. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Loans whose terms are modified are considered modified if the Company grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted generally involve a temporary reduction in interest rate or extension of the loan's stated maturity date. Nonaccrual modifications are restored to accrual status if principal and interest payments, under the modified terms, are current for six consecutive months after modification. Loans which have been modified as described above are designated as individually evaluated.

In addition, federal regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit loss model.

Accounting Standard Adopted

In 2025, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 enhances the transparency and decision usefulness of income tax disclosures. The amendments in this ASU require consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction disclosures. The amendments in this ASU are applied on a retrospective basis. The adoption of ASU No. 2023-09 did not have a material effect on the results of operations, financial position or cash flows of the Company. See Note 12 for the updated income tax disclosures.

Accrued Interest Receivable

The Company made an accounting policy election to exclude accrued interest receivable from the amortized cost basis of loans and securities subject to evaluation for the related allowance for credit losses. The reason for this election is the bank stops accruing interest and reverses interest income once the loan is 90 days past due. Accrued interest receivable on loans, reported as a component of accrued interest receivable on the consolidated balance sheets, is \$982,000 and \$832,000 as of December 31, 2025 and 2024, respectively, and is excluded from the estimate of credit losses. Accrued interest receivable on securities, also a component of accrued interest receivable on the consolidated statements of financial condition, is \$2,065,000 and \$2,225,000 as of December 31, 2025 and 2024, respectively, and is excluded from the estimate of credit losses.

Transfers of Financial Assets

Transfers of financial assets, including loan and loan participation sales, are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Buildings are depreciated using useful lives ranging from 10 to 40 years. Furniture, fixtures and equipment are being depreciated using useful lives ranging from 3 to 10 years. Leasehold improvements are depreciated over the shorter of the useful life or lease term of the asset.

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Investment in Life Insurance

The Company invests in bank-owned life insurance (BOLI) as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Company on a chosen group of employees and directors. The Company is the owner and beneficiary of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. These policies can be liquidated, if necessary, with tax costs. However, the Company intends to hold the policies and, accordingly, the Company has not provided for deferred income taxes on the earnings from the increase in the cash surrender value.

Foreclosed Assets

Foreclosed assets, which are included in prepaid expenses and other assets, are comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure and loans classified as in-substance foreclosures. A loan is classified as in-substance foreclosure when the Company has taken possession of the collateral regardless of whether formal foreclosure proceedings take place. Foreclosed assets initially are recorded at fair value, net of estimated selling costs, at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the assets are carried at the lower of cost or fair value minus estimated costs to sell. Gains and losses on sales of foreclosed assets, are part of other income in the accompanying consolidated statements of income. Revenues and expenses from operations and changes in the valuation allowance are included in foreclosed assets expenses in the accompanying consolidated statements of income.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2025 and 2024 was \$233,000 and \$270,000, respectively.

Income Taxes

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. Deferred income taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Mauch Chunk Trust Financial Corp. and its subsidiary file a consolidated federal income tax return.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the balance sheets when they are funded.

Earnings Per Share

The Company has a simple capital structure. Basic earnings per share represent income available to common stockholders divided by the weighted-average number of shares outstanding during the period.

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Treasury Stock

Common stock shares repurchased are recorded as treasury stock at cost.

Segments

Segments are components of a Company that have discrete financial information available and are regularly evaluated by a CODM to assess performance and decide how resources are allocated. Substantially all of the Company's operations occur through the Bank and involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of its banking operation, which constitutes the Company's only operating segment for financial reporting purposes. The Company's one reportable segment is determined by our Chief Executive Officer, who is designated the CODM, based upon information provided about the Company's products and services offered, primarily community banking operations. Our CODM manages business activities on a consolidated basis and uses consolidated net income, as reported on the consolidated statements of income, to evaluate financial performance, allocate resources, and monitor budget versus actuals. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation. The measure of segment assets is reported on the balance sheets as total assets at December 31, 2025 and 2024.

Subsequent Events

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2025, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through March 6, 2026, the date these consolidated financial statements were available to be issued.

2. Revenue Recognition

The Company generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying Accounting Standards Codification (ASC) Topic 606, *Revenue Recognition*, that significantly affects the determination of the amount and timing of revenue from contracts with customers. The main types of revenue contracts included in noninterest income within the consolidated statements of income as follows:

Deposits Related Fees and Service Charges

Service charges and fees on deposits which are included as liabilities in the consolidated balance sheets consist of transaction-based fees, account maintenance fees and overdraft services fees for various retail and business checking customers. Transaction-based fees, which includes services such as automated teller machines (ATM) fees, Automated Clearing House (ACH) fees, stop payment charges and statement rendering fees are recognized at the time transaction is executed as that is the point in time the Company fulfills the customer's request. All deposit liabilities are considered to have one-day terms and therefore related fees are recognized as noninterest income at the time when the services are provided to the customer. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn directly from the customer's account balance.

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Interchange Income

The Company earns interchange fees from credit/debit cardholder transactions conducted through the MasterCard payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized monthly, concurrently with the transaction processing services provided to the cardholder.

Gain/Losses on Sale of Foreclosed Assets

The Company records a gain or loss from the sale of foreclosed assets when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of the foreclosed asset to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the foreclosed assets are derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction prices and related gain (loss) on sale if a significant financing component is present.

Wealth/Asset/Trust Management Fees

The Company provides wealth management and trust services to individuals, corporations, and retirement funds, as well as existing loan/deposit customers of the Company, located primarily within our geographic markets. The wealth management operations are conducted through the bank and provides a broad range of personal and corporate fiduciary services, including the administration of decedent and trust estates. Assets held in a fiduciary capacity by Mauch Chunk Trust Company, are not assets of the Company and are therefore, not included in the Company's consolidated financial statements. Wealth management and trust fees earned are included within other income in the consolidated statements of income.

Wealth management fees are contractually agreed with each customer and earned over time as the Company provides the contracted monthly or quarterly services. Fees are generally based on a tiered scale based on average market value of the trust assets under management (AUM) at month-end. The services provided under such a contract are considered a single performance obligation because it embodies series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed (i.e., trade date).

3. Securities

The amortized cost and approximate fair value of investment securities available-for-sale and equity securities as of December 31, 2025 and 2024 are summarized as follows:

	2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
State and political subdivisions	\$ 206,358	\$ 20	\$ (46,165)	\$ 160,213
Mortgage-backed securities, U.S. government sponsored enterprises (GSE's), residential	118,962	91	(18,067)	100,986
Corporate debt securities	18,043	-	(1,965)	16,078
Equity securities	153	-	-	153
Total	\$ 343,516	\$ 111	\$ (66,197)	\$ 277,430

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	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
State and political subdivisions	\$ 213,308	\$ -	\$ (52,952)	\$ 160,356
Mortgage-backed securities, U.S. government sponsored enterprises (GSE's), residential	110,247	-	(22,264)	87,983
Corporate debt securities	37,659	223	(2,584)	35,298
Equity securities	153	-	-	153
Total	<u>\$ 361,367</u>	<u>\$ 223</u>	<u>\$ (77,800)</u>	<u>\$ 283,790</u>

The amortized cost and fair value of debt securities available-for-sale as of December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the securities may be called or prepaid with or without any penalties.

	Available-For-Sale	
	Amortized Costs	Fair Values
	(In Thousands)	
Due in one year or less	\$ -	\$ -
Due after 1 year through 5 years	3,984	3,849
Due after 5 years through 10 years	40,449	35,131
Due after 10 years	179,968	137,311
	224,401	176,291
Equity security	153	153
Mortgage-backed securities	118,962	100,986
Total	<u>\$ 343,516</u>	<u>\$ 277,430</u>

Gross losses of \$716,000 and \$349,000 were realized on sales of securities in the years ended December 31, 2025 and 2024, respectively.

Securities with a carrying value of \$98,974,000 and \$90,572,000 as of December 31, 2025 and 2024, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. Securities with a carrying value of \$0 as of both December 31, 2025 and 2024, were pledged to the Federal Home Loan Bank under its collateral requirements for advances made to the Company.

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The following tables show our investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2025 and 2024:

	2025					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
Securities available for sale:						
State and political subdivisions	\$ -	\$ -	\$ 158,669	\$ (46,165)	\$ 158,669	\$ (46,165)
Mortgage-backed securities, GSE's	10,138	(96)	78,760	(17,971)	88,898	(18,067)
Corporate debt securities	-	-	16,079	(1,965)	16,079	(1,965)
	<u>\$ 10,138</u>	<u>\$ (96)</u>	<u>\$ 253,508</u>	<u>\$ (66,101)</u>	<u>\$ 263,646</u>	<u>\$ (66,197)</u>
	2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
Securities available for sale:						
State and political subdivisions	\$ -	\$ -	\$ 160,358	\$ (52,952)	\$ 160,358	\$ (52,952)
Mortgage-backed securities, GSE's	14,332	(357)	73,649	(21,907)	87,981	(22,264)
Corporate debt securities	-	-	26,507	(2,584)	26,507	(2,584)
	<u>\$ 14,332</u>	<u>\$ (357)</u>	<u>\$ 260,514</u>	<u>\$ (77,443)</u>	<u>\$ 274,846</u>	<u>\$ (77,800)</u>

202 and 220 of the Company's securities were in an unrealized loss position as of December 31, 2025 and 2024, respectively. The unrealized losses on December 31, 2025 and 2024 are due to interest rate fluctuations. Only one of the securities is below investment grade and is monitored ongoing with an expectation of full repayment. None of the individual losses above are deemed significant. None of the issuers have defaulted on interest payments. The Company does not intend to sell these securities prior to their recovery, and it is more likely than not that it will not have to sell the securities prior to recovery. The Company does not consider any investments held as of December 31, 2025, to require an allowance for credit losses.

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4. Loans Receivable and Allowance for Credit Losses

The composition of loans receivable on December 31, 2025 and 2024 are as follows:

	2025	2024
	(In Thousands)	
Single-family real estate	\$ 79,672	\$ 80,806
Commercial real estate	77,648	56,726
Commercial and industrial	30,652	36,639
Purchased commercial and industrial	20,239	29,193
Investment single-family real estate	25,803	27,370
Multifamily	26,347	22,211
Single-family HELOC	12,653	10,000
Construction and land	9,104	3,135
Farmland	2,437	2,402
Consumer	2,031	2,477
	<u>286,586</u>	<u>270,959</u>
Net loan origination costs and fees	367	504
Less allowance for credit losses	<u>(4,249)</u>	<u>(3,098)</u>
Net loans	<u>\$ 282,704</u>	<u>\$ 268,365</u>

The following table presents the activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2025 and 2024 (in thousands):

	2025				
	Beginning Balance	Charge-Offs	Recoveries	Credit Loss Expenses	Ending Balance
	(In Thousands)				
Single-family real estate	\$ 576	\$ -	\$ -	\$ (35)	\$ 541
Commercial real estate	728	-	-	276	1004
Commercial and industrial	711	-	26	(30)	707
Purchased commercial and industrial	637	(39)	2	894	1494
Investment single-family real estate	187	-	-	(9)	178
Multifamily	88	-	-	6	94
Single-family HELOC	90	-	-	(17)	73
Construction and land	49	-	-	64	113
Farmland	3	-	-	-	3
Consumer	29	(20)	10	23	42
Total	<u>\$ 3,098</u>	<u>\$ (59)</u>	<u>\$ 38</u>	<u>\$ 1,172</u>	<u>\$ 4,249</u>

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	2024				
	Beginning Balance	Charge-Offs	Recoveries	Credit Loss Expenses	Ending Balance
	(In Thousands)				
Single-family real estate	\$ 635	\$ -	\$ -	\$ (59)	\$ 576
Commercial real estate	747	-	-	(19)	728
Commercial and industrial	455	(49)	5	300	711
Purchased commercial and industrial	1,574	(2,023)	-	1,086	637
Investment single-family real estate	230	-	-	(43)	187
Multifamily	64	-	-	24	88
Single-family HELOC	69	(56)	56	21	90
Construction and land	42	-	-	7	49
Farmland	3	-	-	-	3
Consumer	30	(11)	-	10	29
Total	<u>\$ 3,849</u>	<u>\$ (2,139)</u>	<u>\$ 61</u>	<u>\$ 1,327</u>	<u>\$ 3,098</u>

The cumulative loss rate used as the basis for the estimate of credit losses is the Company's historical loss calculations within the Current Expected Credit Loss model, where appropriate. This information is sourced from call report data and spans back to an effective start date of March 31, 2000. Loss data will continuously be uploaded into the model across subsequent periods, with results always one quarter in arrears. The Bank may deviate from utilization of its own loss rates on an as-needed basis when said loss rates have historically been non-existent (0.0%). The Bank may also deviate from its existing loss rates when said rates are no longer indicative of the current portfolio composition/quality, such as historical rates impacted by losses resulting from purchased loan portfolios which have since matured or been divested. In these events, the Bank will utilize aggregate loss rates recognized from banks of comparable asset size throughout the state of Pennsylvania, incurred across the same period, March 31, 2000 - present. The Company has adjusted the historical loss experience to reflect the Bank's portfolio, asset quality, concentrations of credit, lending policies, management, loan review policies and procedures and operating environment.

The following table presents the amortized cost basis of loans on nonaccrual status of December 31, 2025 and 2024:

	2025		
	Nonaccrual With No Allowance for Credit Losses	Nonaccrual With Allowance for Credit Losses	Total Nonaccrual
	(In Thousands)		
Single-family real estate	\$ 142	\$ -	\$ 142
Commercial real estate	56	-	56
Commercial and industrial	-	-	-
Purchased commercial and industrial	-	2,066	2,066
Investment single-family real estate	-	-	-
Multifamily	-	-	-
Single-family HELOC	8	-	8
Construction and land	-	-	-
Farmland	-	-	-
Consumer	-	6	6
Total	<u>\$ 206</u>	<u>\$ 2,072</u>	<u>\$ 2,278</u>

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	2024		
	Nonaccrual With No Allowance for Credit Losses	Nonaccrual With Allowance for Credit Losses	Total Nonaccrual
	(In Thousands)		
Single-family real estate	\$ -	\$ -	\$ -
Commercial real estate	84	-	84
Commercial and industrial	-	-	-
Purchased commercial and industrial	720	-	720
Investment single-family real estate	72	-	72
Multifamily	-	-	-
Single-family HELOC	-	-	-
Construction and land	-	-	-
Farmland	-	-	-
Consumer	-	-	-
Total	<u>\$ 876</u>	<u>\$ -</u>	<u>\$ 876</u>

The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2025 and 2024:

	2025			
	Secured by Real Estate	Business Assets Secured	Unsecured	Total
	(In Thousands)			
Single-family real estate	\$ 142	\$ -	\$ -	\$ 142
Commercial real estate	56	-	-	56
Commercial and industrial	-	-	-	-
Purchased commercial and industrial	-	2,066	-	2,066
Investment single-family real estate	-	-	-	-
Multifamily	-	-	-	-
Single-family HELOC	8	-	-	8
Construction and land	-	-	-	-
Farmland	-	-	-	-
Consumer	-	-	6	6
Total	<u>\$ 206</u>	<u>\$ 2,066</u>	<u>\$ 6</u>	<u>\$ 2,278</u>

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	2024		
	Secured by Real Estate	Business Assets Secured	Total
	(In Thousands)		
Single-family real estate	\$ -	\$ -	\$ -
Commercial real estate	84	-	84
Commercial and industrial	-	-	-
Purchased commercial and industrial	-	720	-
Investment single-family real estate	72	-	72
Multifamily	-	-	-
Single-family HELOC	-	-	-
Construction and land	-	-	-
Farmland	-	-	-
Consumer	-	-	-
Total	\$ 156	\$ 720	\$ 156

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the past due status as of December 31, 2025 and 2024:

	2025						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivables	Loans Receivable > 90 Days and Accruing
Single-family real estate	\$ 178	\$ 3	\$ -	\$ 181	\$ 79,491	\$ 79,672	\$ -
Commercial real estate	1,370	91	-	1,461	76,187	77,648	-
Commercial and industrial	-	-	-	-	30,652	30,652	-
Purchased commercial and industrial	-	-	-	-	20,239	20,239	-
Investment single-family real estate	-	-	-	-	25,803	25,803	-
Multifamily	-	-	-	-	26,347	26,347	-
Single-family HELOC	-	10	-	10	12,643	12,653	-
Construction and land	-	-	-	-	9,104	9,104	-
Farmland	-	-	-	-	2,437	2,437	-
Consumer	-	-	6	6	2,025	2,031	-
Total	\$ 1,548	\$ 104	\$ 6	\$ 1,658	\$ 284,928	\$ 286,586	\$ -

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	2024						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivables	Loans Receivable > 90 Days and Accruing
Single-family real estate	\$ 334	\$ -	\$ -	\$ 334	\$ 77,381	\$ 77,715	\$ -
Commercial real estate	-	-	-	-	56,726	56,726	-
Commercial and industrial	-	-	-	-	37,359	37,359	-
Purchased commercial and industrial	-	-	-	-	28,474	28,474	-
Investment single-family real estate	-	-	-	-	30,460	30,460	-
Multifamily	-	-	-	-	22,211	22,211	-
Single-family HELOC	12	-	-	12	9,988	10,000	-
Construction and land	-	-	-	-	3,135	3,135	-
Farmland	-	-	-	-	2,402	2,402	-
Consumer	14	-	-	14	2,463	2,477	-
Total	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ 270,599</u>	<u>\$ 270,959</u>	<u>\$ -</u>

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis includes loans with an outstanding balance greater than \$100,000 and non-homogenous loans, such as commercial and commercial real estate loans. This analysis is performed on an annual basis. The Company uses the following definitions for risk ratings:

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or credit position of the institution at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass-rated loans.

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The following tables present the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of December 31, 2025 and 2024:

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Single-family real estate:								
Risk rating:								
Pass	\$	8,814	\$ 6,759	\$ 6,838	\$ 14,830	\$ 10,191	\$ 31,929	\$ 79,361
Special mention		96	-	-	-	-	-	96
Substandard		-	-	-	-	-	215	215
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>8,910</u>	<u>\$ 6,759</u>	<u>\$ 6,838</u>	<u>\$ 14,830</u>	<u>\$ 10,191</u>	<u>\$ 32,144</u>	<u>\$ 79,672</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Commercial real estate:								
Risk rating:								
Pass	\$	34,442	\$ 15,396	\$ 4,221	\$ 6,911	\$ 2,237	\$ 9,936	\$ 73,143
Special mention		-	-	-	-	-	541	541
Substandard		-	-	-	644	-	3,320	3,964
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>34,442</u>	<u>\$ 15,396</u>	<u>\$ 4,221</u>	<u>\$ 7,555</u>	<u>\$ 2,237</u>	<u>\$ 13,797</u>	<u>\$ 77,648</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Commercial and industrial:								
Risk rating:								
Pass	\$	2,789	\$ 2,355	\$ 4,925	\$ 4,454	\$ 5,822	\$ 7,898	\$ 28,243
Special mention		-	-	87	120	-	-	207
Substandard		-	-	97	198	-	1,907	2,202
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>2,789</u>	<u>\$ 2,355</u>	<u>\$ 5,109</u>	<u>\$ 4,772</u>	<u>\$ 5,822</u>	<u>\$ 9,805</u>	<u>\$ 30,652</u>

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		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Purchased commercial and industrial:								
Risk rating:								
Pass	\$	1,864	\$ 3,100	\$ 3,598	\$ 6,975	\$ 372	\$ 691	\$ 16,600
Special mention		-	-	-	-	-	-	-
Substandard		412	151	-	1,322	-	1,754	3,639
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>2,276</u>	<u>\$ 3,251</u>	<u>\$ 3,598</u>	<u>\$ 8,297</u>	<u>\$ 372</u>	<u>\$ 2,445</u>	<u>\$ 20,239</u>
2025 gross charge offs	\$	<u>-</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Investment single family real estate:								
Risk rating:								
Pass	\$	5,706	\$ 4,441	\$ 2,988	\$ 5,164	\$ 4,166	\$ 3,338	\$ 25,803
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>5,706</u>	<u>\$ 4,441</u>	<u>\$ 2,988</u>	<u>\$ 5,164</u>	<u>\$ 4,166</u>	<u>\$ 3,338</u>	<u>\$ 25,803</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Multifamily:								
Risk rating:								
Pass	\$	8,904	\$ 4,926	\$ 2,725	\$ 6,104	\$ 1,036	\$ 2,652	\$ 26,347
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>8,904</u>	<u>\$ 4,926</u>	<u>\$ 2,725</u>	<u>\$ 6,104</u>	<u>\$ 1,036</u>	<u>\$ 2,652</u>	<u>\$ 26,347</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Single family HELOC:								
Risk rating:								
Pass	\$	3,049	\$ 2,765	\$ 843	\$ 1,523	\$ 1,159	\$ 3,004	\$ 12,343
Special mention		-	-	-	-	-	-	-
Substandard		-	21	-	156	-	133	310
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>3,049</u>	<u>\$ 2,786</u>	<u>\$ 843</u>	<u>\$ 1,679</u>	<u>\$ 1,159</u>	<u>\$ 3,137</u>	<u>\$ 12,653</u>

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Construction and land:								
Risk rating:								
Pass	\$	5,091	\$ 3,348	\$ 665	\$ -	\$ -	\$ -	\$ 9,104
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>5,091</u>	<u>\$ 3,348</u>	<u>\$ 665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,104</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Farmland:								
Risk rating:								
Pass	\$	501	\$ 313	\$ 105	\$ 226	\$ 123	\$ 1,169	\$ 2,437
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>501</u>	<u>\$ 313</u>	<u>\$ 105</u>	<u>\$ 226</u>	<u>\$ 123</u>	<u>\$ 1,169</u>	<u>\$ 2,437</u>

		2025						
		Loans Amortized Cost Basis by Origination Year						
		2025	2024	2023	2022	2021	Prior	Total
Consumer:								
Risk rating:								
Pass	\$	687	\$ 622	\$ 325	\$ 175	\$ 21	\$ 182	\$ 2,012
Special mention		-	-	-	-	-	-	-
Substandard		-	-	3	10	-	6	19
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>687</u>	<u>\$ 622</u>	<u>\$ 328</u>	<u>\$ 185</u>	<u>\$ 21</u>	<u>\$ 188</u>	<u>\$ 2,031</u>
2025 gross charge offs	\$	<u>-</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Single family real estate:								
Risk rating:								
Pass	\$	7,990	\$ 7,923	\$ 16,699	\$ 10,897	\$ 10,424	\$ 26,745	\$ 80,678
Special mention		-	-	-	-	-	38	38
Substandard		-	-	6	-	-	84	90
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>7,990</u>	<u>\$ 7,923</u>	<u>\$ 16,705</u>	<u>\$ 10,897</u>	<u>\$ 10,424</u>	<u>\$ 26,867</u>	<u>\$ 80,806</u>

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Commercial real estate:								
Risk rating:								
Pass	\$	15,001	\$ 4,612	\$ 7,678	\$ 2,535	\$ 5,413	\$ 15,734	\$ 50,973
Special mention		-	-	-	-	-	1,497	1,497
Substandard		-	-	672	-	28	3,556	4,256
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>15,001</u>	<u>\$ 4,612</u>	<u>\$ 8,350</u>	<u>\$ 2,535</u>	<u>\$ 5,441</u>	<u>\$ 20,787</u>	<u>\$ 56,726</u>

		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Commercial and industrial:								
Risk rating:								
Pass	\$	4,026	\$ 8,539	\$ 5,461	\$ 6,734	\$ 1,379	\$ 7,870	\$ 34,009
Special mention		-	-	106	18	-	-	124
Substandard		-	93	198	-	2,207	8	2,506
Doubtful		-	-	-	-	-	-	-
Total	\$	<u>4,026</u>	<u>\$ 8,632</u>	<u>\$ 5,765</u>	<u>\$ 6,752</u>	<u>\$ 3,586</u>	<u>\$ 7,878</u>	<u>\$ 36,639</u>
2024 gross charge offs	\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 51</u>

		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Purchased commercial and industrial:								
Risk rating:								
Pass	\$	3,477	\$ 5,315	\$ 11,719	\$ 3,332	\$ 1,956	\$ 2,674	\$ 28,473
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		720	-	-	-	-	-	720
Total	\$	<u>4,197</u>	<u>\$ 5,315</u>	<u>\$ 11,719</u>	<u>\$ 3,332</u>	<u>\$ 1,956</u>	<u>\$ 2,674</u>	<u>\$ 29,193</u>
2024 gross charge offs	\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,690</u>	<u>\$ -</u>	<u>\$ 333</u>	<u>\$ 2,023</u>

Mauch Chunk Trust Financial Corp.

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		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Investment single family real estate:								
Risk rating:								
Pass	\$	5,449	\$ 3,914	\$ 6,618	\$ 5,567	\$ 2,642	\$ 3,180	\$ 27,370
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	5,449	\$ 3,914	\$ 6,618	\$ 5,567	\$ 2,642	\$ 3,180	\$ 27,370

		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Multi-family								
Risk rating:								
Pass	\$	4,981	\$ 3,339	\$ 6,724	\$ 1,344	\$ 1,404	\$ 4,419	\$ 22,211
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	4,981	\$ 3,339	\$ 6,724	\$ 1,344	\$ 1,404	\$ 4,419	\$ 22,211

		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Single family HELOC:								
Risk rating:								
Pass	\$	2,749	\$ 903	\$ 1,543	\$ 1,329	\$ 701	\$ 2,390	\$ 9,615
Special mention		-	-	-	-	-	-	-
Substandard		-	-	155	-	-	230	385
Doubtful		-	-	-	-	-	-	-
Total	\$	2,749	\$ 903	\$ 1,698	\$ 1,329	\$ 701	\$ 2,620	\$ 10,000
2024 gross charge offs	\$	-	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ 56

		2024						
		Loans Amortized Cost Basis by Origination Year						
		2024	2023	2022	2021	2020	Prior	Total
Construction and land:								
Risk rating:								
Pass	\$	2,369	\$ 766	\$ -	\$ -	\$ -	\$ -	\$ 3,135
Special mention		-	-	-	-	-	-	-
Substandard		-	-	-	-	-	-	-
Doubtful		-	-	-	-	-	-	-
Total	\$	2,369	\$ 766	\$ -	\$ -	\$ -	\$ -	\$ 3,135

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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	2024						Total
	Loans Amortized Cost Basis by Origination Year						
	2024	2023	2022	2021	2020	Prior	
Farmland:							
Risk rating:							
Pass	\$ 372	\$ 112	\$ 241	\$ 141	\$ 575	\$ 961	\$ 2,402
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total	<u>\$ 372</u>	<u>\$ 112</u>	<u>\$ 241</u>	<u>\$ 141</u>	<u>\$ 575</u>	<u>\$ 961</u>	<u>\$ 2,402</u>

	2024						Total
	Loans Amortized Cost Basis by Origination Year						
	2024	2023	2022	2021	2020	Prior	
Consumer:							
Risk rating:							
Pass	\$ 1,025	\$ 680	\$ 358	\$ 100	\$ 39	\$ 269	\$ 2,471
Special mention	-	-	-	-	-	-	-
Substandard	-	6	-	-	-	-	6
Doubtful	-	-	-	-	-	-	-
Total	<u>\$ 1,025</u>	<u>\$ 686</u>	<u>\$ 358</u>	<u>\$ 100</u>	<u>\$ 39</u>	<u>\$ 269</u>	<u>\$ 2,477</u>
2024 gross charge offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 11</u>

Occasionally, the Company modifies loans to borrowers in financial distress by providing interest rate reductions, extensions of maturity, interest only payments or other-than-insignificant payment delays. In 2025, there were modifications to two purchased commercial and industrial loans to borrowers in financial distress with total principal amounts of \$3,376,000, and one CRE loan with total principal amount of \$644,000. \$1,802,000 of the purchased commercial and industrial loan modifications were related to an interest rate reduction and extension of maturity. \$1,574,000 of the commercial and industrial loan modifications were related to an extension of maturity date. The CRE modification related to a change to interest-only payments. The modified loans are current as of December 31, 2025. There are no commitments to lend additional amounts to these borrowers.

In 2024, there were modifications to a purchased commercial and industrial loan to a borrower in financial distress with total principal amounts of \$720,000. The modified loan is current and listed on nonaccrual and had modifications that included an additional extension of funds of \$332,000 and extensions of maturity. There are no commitments to lend additional amounts to this borrower.

5. Foreclosed Assets

The Company had no foreclosed asset activity for the years ended December 31, 2025 and 2024.

On December 31, 2025 and 2024, the recorded investment of residential mortgage and consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceeds are in process was \$0 and \$0, respectively.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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6. Bank Premises and Equipment

The components of bank premises and equipment as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Land	\$ 902	\$ 902
Buildings and leasehold improvements	11,674	11,480
Furniture, fixtures and equipment	4,823	4,815
Right of use asset	199	208
Construction in progress	240	276
	<u>17,838</u>	<u>17,681</u>
Accumulated depreciation	<u>(10,318)</u>	<u>(10,081)</u>
Total	<u>\$ 7,520</u>	<u>\$ 7,600</u>

Depreciation expense for the years ended December 31, 2025 and 2024 amounted to \$635,000 and \$619,000, respectively.

7. Deposits

The components of deposits as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Demand, noninterest bearing	\$ 84,868	\$ 81,520
Demand, interest bearing	274,168	272,624
Savings	95,676	76,433
Time, \$250,000 and over	20,972	21,679
Time, other	141,872	151,083
	<u>\$ 617,556</u>	<u>\$ 603,339</u>

Included in time deposits, as of both December 31, 2025 and 2024, are brokered deposits of \$46,900,000.

As of December 31, 2025, the scheduled maturities of time deposits are as follows (in thousands):

Years ending December 31:	
2026	\$ 116,746
2027	8,382
2028	19,717
2029	17,444
2030	555
Total	<u>\$ 162,844</u>

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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8. Securities Sold Under Agreements to Repurchase

The Company enters into agreements under which it sells securities subject to an obligation to repurchase the same or similar securities. Under these arrangements, the Company may transfer legal control over the assets but still retain effective control through an agreement that both entitles and obligates the Company to repurchase the assets. As a result, these repurchase agreements are accounted for as collateralized financing arrangements (i.e., secured borrowings) and not as a sale and subsequent repurchase of securities. The obligation to repurchase the securities is reflected as a liability in the Company's consolidated balance sheets, while the securities underlying the repurchase agreements remain in the respective investment securities asset accounts. In other words, there is no offsetting or netting of the investment securities assets with the repurchase agreement liabilities. In addition, as the Company does not enter into reverse repurchase agreements, there is no such offsetting to be done with the repurchase agreements.

Securities sold under agreements to repurchase generally mature within a few days from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. Securities sold under these agreements are retained under the Company's control at its safekeeping agent. The Company may be required to provide additional collateral based on the fair value of the underlying securities. Information concerning securities sold under agreements to repurchase for the years ended December 31, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
	(Dollars in Thousands)	
Balance outstanding on December 31	\$ 1,371	\$ 3,324
Weighted average interest rate at the end of the year	0.76 %	0.75 %
Average daily balance during the year	\$ 1,705	\$ 3,321
Weighted-average interest rate during the year	0.75 %	0.75 %
Maximum month-end balance during the year	\$ 2,533	\$ 4,910

9. Other Borrowed Funds and Federal Home Loan Bank Borrowings

Other borrowed funds consist of short-term borrowings with the FHLB. The Company has a \$51,700,000 line of credit arrangement with the FHLB. Short-term borrowings outstanding under this arrangement with the FHLB were \$0 and \$0 with a rate of 3.93% and 4.71% as of December 31, 2025 and 2024, respectively.

Federal Home Loan Bank borrowings of \$24,500,000 and \$30,500,000 on December 31, 2025 and 2024, respectively, consists of advances from the FHLB under various notes, with an average rate of 3.98% and 1.96% as of December 31, 2025 and 2024, respectively.

The Federal Home Loan Bank borrowings outstanding on December 31, 2025 will mature in 2026.

The Company has a maximum borrowing capacity with the FHLB of \$117,974,000, of which \$24,500,000 was outstanding on December 31, 2025. Advances from the FHLB are secured by qualifying assets of the Bank.

As of December 31, 2025 and 2024, the Company had \$23,000,000 available but undrawn in a letter of credit with the FHLB to secure municipal deposits held with the Bank.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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10. Employee Benefit Plans

Employee Stock Ownership Plan (ESOP)

The Company has an Employee Stock Ownership Plan (ESOP) which is a noncontributory plan established to acquire shares of the Company's common stock for the benefit of all employees of the Company. Contributions to the plan are determined by the Board of Directors. Contributions charged to expense amounted to \$100,000 for each of the years ended December 31, 2025 and 2024. As of December 31, 2025, 135,630 shares of the Company's common stock were held by the Employee Stock Ownership Plan Trust. In the event a terminated Plan participant desires to sell their shares of the stock, or for certain employees who elect to diversify their account balances, the Company may be required to purchase the shares from the participant at their fair market value.

401(k) Plan

The Company has a 401(k) Plan for eligible employees. The employees may contribute up to the maximum percentage of their compensation allowable by law to the Plan. The Company will make matching contributions up to 50% of the employee's contribution not to exceed 2% of eligible compensation. The Company will also make a safe-harbor contribution on the behalf of all participants in an amount equal to 3% of eligible compensation. The Company also may make discretionary contributions. Employees are immediately vested with respect to employee and Company contributions. The Company's contribution charged to expense was \$214,000 and \$211,000 for the years ended December 31, 2025 and 2024, respectively.

Executive Supplemental Income Plan

The Company has implemented a nonqualified Executive Supplemental Income (ESI) Plan for a certain group of officers. Under the provisions of the ESI Plan, the participating officers have executed agreements providing each officer a retirement annuity benefit, or their beneficiary a salary continuation benefit in the event of pre-retirement death. The Plan is informally funded by life insurance carried on the lives of these officers. The ESI benefit payable was \$102,000 and \$118,000 as of December 31, 2025 and 2024, respectively, and is included in other liabilities in the accompanying consolidated balance sheets. For the years ended December 31, 2025 and 2024, \$4,000 and \$5,000, respectively, was charged to expense in connection with this Plan.

Deferred Compensation Plans

The Company has established several deferred compensation plans for participating Directors. Under these plans, the Company will make deferred income payments for a ten-year period generally beginning at age 65, or at death if earlier.

To informally fund benefits under the Plan, the Company is the owner and beneficiary of life insurance policies on the lives of the participating directors. Deferred compensation payable on December 31, 2025 and 2024 was \$252,000 and \$308,000, respectively, and is included in other liabilities in the accompanying consolidated balance sheets. For the years ended December 31, 2025 and 2024, \$26,000 and \$31,000, respectively, was charged to expense in connection with these plans.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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11. Comprehensive Loss

The components of accumulated other comprehensive loss and the related income tax effect are as follows as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Unrealized holding losses on available-for-sale securities	\$ (66,086)	\$ (77,580)
Tax effect	<u>13,878</u>	<u>16,292</u>
Net of income taxes	<u>(52,208)</u>	<u>(61,288)</u>
Derivatives	(213)	80
Tax effect	<u>45</u>	<u>(17)</u>
Net of income taxes	(168)	63
Accumulated other comprehensive loss	<u>\$ (52,376)</u>	<u>\$ (61,225)</u>

12. Federal Income Taxes

The federal income tax benefit for the years ended December 31, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Current	\$ 8	\$ 2
Deferred	<u>(108)</u>	<u>(48)</u>
	<u>\$ (100)</u>	<u>\$ (46)</u>

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (b) operating losses and tax credit carryforwards.

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The tax effects of significant items comprising the Company's deferred taxes as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Deferred tax assets:		
Allowance for credit losses	\$ 892	\$ 651
Deferred compensation	74	89
Net unrealized losses on securities available-for-sale	13,878	16,292
Lease liability	43	46
Nonaccrual loan interest	56	23
Federal net operating loss	74	262
Net unrealized losses on derivatives	45	-
Charitable contributions	35	-
Accrued expenses	10	-
	<u>15,107</u>	<u>17,363</u>
Deferred tax liabilities:		
Bank premises and equipment	118	300
Discount accretion	138	110
Prepaid expenses	107	88
Right of use asset	42	44
Loan origination costs	137	149
Net unrealized gain on derivatives	-	17
	<u>542</u>	<u>708</u>
Valuation allowance	<u>199</u>	<u>-</u>
Net deferred tax asset	<u>\$ 14,366</u>	<u>\$ 16,655</u>

ASC 740 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is more likely than not. Realization of future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Management believes that recognition of the deferred tax assets is currently not likely to be realized and, accordingly, has provided a partial valuation allowance.

Net operating loss carryforwards as of December 31, 2025 consist of federal net operating losses (post December 31, 2017) of \$351,000. These carryforwards do not expire.

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The effective tax rate of the Company's provision for income taxes differs from the federal statutory rate as follows for the years ended December 31, 2025 and 2024:

	2025		2024	
	Amount	Percent	Amount	Percent
	(Dollars in Thousands)			
Federal income tax at statutory rate	\$ 244	21.00 %	\$ 411	21.00 %
Change in valuation allowance	199	17.14	-	-
Nondeductible items:				
Tax exempt interest	(396)	(34.06)	(339)	(17.34)
Bank-owned life insurance	(144)	(12.40)	(121)	(6.19)
Other	(3)	(0.15)	3	0.15
Total	<u>\$ (100)</u>	<u>(8.63) %</u>	<u>\$ (46)</u>	<u>(2.38) %</u>

The Company follows accounting guidance related to the accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax liabilities to maintain for uncertain tax positions. The Company had no material unrecognized tax benefits or accrued interest and penalties as of December 31, 2025 and 2024. The Company's policy is to account for interest as a component of interest expense and penalties as a component of other expense.

The Company did not have any foreign or state income tax for the years ended December 31, 2025 and 2024. Pennsylvania Bank Shares Tax is not an income tax, but a separate tax imposed on banks and trust companies based on their capital stock.

13. Transactions With Executive Officers, Directors and Principal Stockholders

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with its executive officers, directors, principal stockholders, their immediate families and affiliated companies (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. These persons were indebted to the Company for loans totaling \$1,336,000 and \$1,373,000 on December 31, 2025 and 2024, respectively. For the year ended December 31, 2025, activity included \$0 of new loans and \$37,000 of repayments. These persons had deposits with the Company totaling \$6,455,000 and \$5,882,000 on December 31, 2025 and 2024, respectively.

14. Right of Use Asset and Lease Liabilities

The Company's three leases are all classified as operating leases with no short-term leases. Currently, all of the leases are for branch leases and two out of three contain renewal options. The recorded amounts for the branch leases are impacted by assumptions around renewals and/or extensions and the interest rate used to discount those future lease obligations. The Company has recorded amounts on its consolidated balance sheets as of December 31, 2025 and 2024 for the right of use asset of \$199,000, and \$208,000, respectively, recorded in bank premises and equipment, offset by lease liabilities of \$206,000 and \$218,000, respectively, recorded in other liabilities on the consolidated balance sheets. Operating cash flow paid for lease liabilities was \$134,000. As of December 31, 2025, the operating leases overall had a weighted-average lease term of 1.65 years. The weighted-average discount rate for the operating leases was 2.50%.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

A reconciliation of operating lease liabilities by minimum lease payments by year and in aggregate and discount amounts in aggregate, as of December 31, 2025, are as follows (in thousands):

2026	\$	137
2027		<u>73</u>
Total undiscounted lease liabilities		210
Less discounted amount		<u>(4)</u>
Total lease liabilities	\$	<u><u>206</u></u>

15. Derivative Financial Instruments

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate caps as part of its interest rate risk management strategy. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with the Company's accounting policy election. The earnings recognition of excluded components is presented in interest expense. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. The Company presents derivative position on the balance sheet in other assets and other liabilities.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2025 and 2024:

	2025			
	Asset Derivatives		Liability Derivatives	
	Notional Amount	Fair Value (1)	Notional Amount	Fair Value (2)
	(In Thousands)			
Interest rate products	\$ 55,000	\$ 12	\$ 78,000	\$ (225)

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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	2024			
	Asset Derivatives		Liability Derivatives	
	Notional Amount	Fair Value (1)	Notional Amount	Fair Value (2)
	(In Thousands)			
Interest rate products	\$ 43,500	\$ 254	\$ 41,000	\$ (150)

(1) Included in other assets in the consolidated balance sheets.

(2) Included in other liabilities in the consolidated balance sheets.

The table below presents the effect of cash flow hedge accounting on accumulated other comprehensive income as of December 31, 2025 and 2024:

	2025		
	Amount of Gain or Loss Recognized in OCI		
	On Derivative	Included Component	Excluded Component
	(In Thousands)		
Derivatives in cash flow:			
Hedging relationships			
Interest rate products	\$ (253)	\$ (253)	\$ -

	Amount of Gain or Loss Reclassified From Accumulated OCI		
	Into Income	Into Income Included Component	Into Income Excluded Component
	(In thousands)		
Derivatives in cash flow:			
Hedging relationships			
Interest rate products	\$ (41)	\$ (41)	\$ -

	2024		
	Amount of Gain or Loss Recognized in OCI		
	On Derivative	Included Component	Excluded Component
	(In Thousands)		
Derivatives in cash flow:			
Hedging relationships			
Interest rate products	\$ (64)	\$ (64)	\$ -

No amounts were reclassified from accumulated OCI during the year ended December 31, 2024.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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16. Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

A summary of the Company's financial instrument commitments on December 31, 2025 and 2024 is as follows:

	2025	2024
	(In Thousands)	
Commitments to grant loans	\$ 12,352	\$ 10,018
Unfunded commitments under lines of credit	33,306	39,213
Outstanding lines of credit	969	910

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory and equipment. Under ASC 326 unfunded commitments are reserved against in the model. The total reserve for unfunded commitments was \$18,000 and \$21,000 as of December 31, 2025 and 2024, respectively.

Outstanding letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next twelve months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. The Company requires collateral supporting these letters of credit as deemed necessary. The maximum undiscounted exposure related to these commitments on December 31, 2025 and 2024 was \$969,000 and \$910,000, respectively, and the approximate value of \$969,000 and \$910,000, respectively. The current amount of the liability as of December 31, 2025 and 2024 for guarantees under standby letters of credit issued is not material.

17. Regulatory Matters

The Company is required to maintain a cash reserve balance in vault cash or with the Federal Reserve Bank. The total of this reserve balance was approximately \$0 on December 31, 2025 and 2024.

The Company and its Bank subsidiary are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2025, the Company and the Bank meet all capital adequacy requirements to which they are subject.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2025 and 2024, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

Actual and required capital amounts and ratios for the bank are presented below as of December 31, 2025 and 2024:

	2025					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollar Amounts in Thousands)					
Total capital (to risk-weighted assets)	\$ 58,685	16.47 %	\$ >28,514	>8.00 %	\$ >35,642	>10.00 %
Common equity Tier 1 (CET1) capital (to risk-weighted assets)	54,437	15.27	>16,039	>4.50	>23,167	>6.50
Tier 1 (core) capital (to risk-weighted assets)	54,437	15.27	>21,385	>6.00	>28,514	>8.00
Tier 1 (core) capital (to average assets)	54,437	7.71	>28,237	>4.00	>35,295	>5.00
	2024					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollar Amounts in Thousands)					
Total capital (to risk-weighted assets)	\$ 50,369	14.10 %	\$ >28,580	>8.00 %	\$ >35,725	>10.00 %
Common equity Tier 1 (CET1) capital (to risk-weighted assets)	50,369	14.10	>16,076	>4.50	>23,221	>6.50
Tier 1 (core) capital (to risk-weighted assets)	50,369	14.10	>21,435	>6.00	>28,580	>8.00
Tier 1 (core) capital (to average assets)	50,369	7.21	>27,938	>4.00	>34,922	>5.00

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

18. Fair Value Measurements and Fair Value of Financial Instruments

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices in active markets. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments.

Fair value accounting guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used on December 31, 2025 and 2024 are as follows:

2025					
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
(In Thousands)					
State and political subdivisions	\$ 160,213	\$ -	\$ 160,213	\$ -	
Mortgage-backed securities, GSE's, residential	100,986	-	100,986	-	
Corporate debt securities	16,078	-	16,078	-	
Equity securities	153	-	153	-	
Derivative asset	12	-	12	-	
Derivative liability	(225)	-	(225)	-	
Total	\$ 277,217	\$ -	\$ 277,217	\$ -	
2024					
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
(In Thousands)					
State and political subdivisions	\$ 160,356	\$ -	\$ 160,356	\$ -	
Mortgage-backed securities, GSE's, residential	87,983	-	87,983	-	
Corporate debt securities	35,298	-	35,298	-	
Equity securities	153	-	153	-	
Derivative asset	254	-	254	-	
Derivative liability	(150)	-	(150)	-	
Total	\$ 283,664	\$ -	\$ 283,664	\$ -	

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Notes to Consolidated Financial Statements
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For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used on December 31, 2025 and 2024 are as follows:

2025					
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
(In Thousands)					
Individually evaluated	\$ 4,405	\$ -	\$ -	\$ 4,405	
2024					
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
(In Thousands)					
Individually evaluated	\$ 2,425	\$ -	\$ -	\$ 2,425	

Quantitative information about Level 3 fair value measurements on December 31, 2025 and 2024 is included in the table below:

2025					
Quantitative Information About Level 3 Fair Value Measurements					
Fair Value Estimate	Valuation Techniques	Unobservable Inputs	Estimated Range		
(In Thousands)					
Individually evaluated loans	\$ 4,405	Appraisal of collateral	Appraisal adjustments	10% - 35%	
			Liquidation expenses	15%	
		Discounted cash flow	Discount rate	4% - 9%	
2024					
Quantitative Information About Level 3 Fair Value Measurements					
Fair Value Estimate	Valuation Techniques	Unobservable Inputs	Estimated Range		
(In Thousands)					
Individually evaluated loans	\$ 2,425	Appraisal of collateral	Appraisal adjustments	30% - 50%	
			Liquidation expenses	13%	

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments on December 31, 2025 and 2024:

Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

Securities

The fair value of securities (carried at fair value) is determined by quoted prices in an inactive market or matrix pricing (Level 2). Matrix pricing is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

Loans Receivable (Carried at Cost)

The fair values of loans, including loans held for sale, are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the loans. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments, and prepayments of principal. Generally, for variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values.

Individually Evaluated Loans (Generally Carried at Fair Value)

Individually evaluated loans carried at fair value are those in which the Company has measured impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value on December 31, 2025, consists of loan balances of \$5,922,000, less a valuation allowance of \$1,517,000. The fair value on December 31, 2024, consists of loan balances of \$2,733,000, less a valuation allowance of \$308,000.

Servicing Rights (Carried at Lower of Cost or Fair Value)

The fair value of mortgage servicing right is based on a valuation model that calculates the present value of estimated net servicing income. The valuation incorporation assumptions that market participants would use in estimating future net servicing income.

Restricted Investment in Bank Stocks (Carried at Cost)

The carrying amount of restricted investment in bank stocks approximates fair value and considers the limited marketability of such securities.

Accrued Interest Receivable and Payable (Carried at Cost)

The carrying amount of accrued interest receivable and accrued interest payable approximates its fair value.

Mauch Chunk Trust Financial Corp.

Notes to Consolidated Financial Statements
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Derivatives (Carried at Fair Value)

Derivative instruments are valued using market interest rates and market volatility as inputs to a modified Black-Scholes model.

Deposit Liabilities (Carried at Cost)

The fair values disclosed for demand deposits (e.g., interest and noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Other Borrowed Funds (Carried at Cost)

The carrying amounts of other borrowed funds approximate their fair values.

Federal Home Loan Bank Borrowings (Carried at Cost)

Fair values of FHLB advances are estimated using discounted cash flow analysis, based on quoted prices for new FHLB advances with similar credit risk characteristics, terms, and remaining maturity.

These prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by a third party.

Off-Balance Sheet Financial Instruments

Fair values for the Company's off-balance sheet financial instruments (lending commitments and letters of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account, the remaining terms of the agreements and the counterparties' credit standing. The fair value of these off-balance sheet financial instruments was not material on December 31, 2025 and 2024.

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The estimated fair value of the Company's financial instruments on December 31, 2025 and 2024 were as follows:

		2025				
		Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Thousands)				
Financial assets:						
Cash and cash equivalents	\$	45,387	\$ 45,387	\$ 45,387	\$ -	\$ -
Securities available-for-sale		277,277	277,277	-	277,277	-
Equity securities		153	153	-	153	-
Restricted investment in bank stocks		1,485	1,485	-	1,485	-
Loans receivable, net		282,704	282,822	-	-	282,822
Accrued interest receivable		3,047	3,047	-	3,047	-
Derivative asset		12	12	-	12	-
Financial liabilities:						
Deposits	\$	617,556	\$ 588,897	\$ -	\$ -	\$ 588,897
Other borrowed funds		3,007	3,007	-	3,007	-
Accrued interest payable		352	352	-	352	-
Federal Home Loan Bank borrowings		24,500	24,624	-	24,624	-
Derivative liability		225	225	-	225	-
		2024				
		Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Thousands)				
Financial assets:						
Cash and cash equivalents	\$	36,238	\$ 36,238	\$ 36,238	\$ -	\$ -
Securities available-for-sale		283,637	283,637	-	283,637	-
Equity securities		153	153	-	153	-
Restricted investment in bank stocks		1,741	1,741	-	1,741	-
Loans receivable, net		268,365	262,158	-	-	262,158
Accrued interest receivable		3,057	3,057	-	3,057	-
Derivative asset		254	254	-	254	-
Financial liabilities:						
Deposits	\$	603,339	\$ 582,594	\$ -	\$ -	\$ 582,594
Accrued interest payable		369	369	-	369	-
Federal Home Loan Bank borrowings		30,500	30,186	-	30,186	-
Derivative liability		150	150	-	150	-

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

Thomas R. Lisella,
Chairman of the Board
James R. Nanovic,
Vice-Chairman of the Board
Patrick H. Reilly,
President/Chief Executive Officer
Charlene Grant, Secretary
Dr. Edward C. Beckett III
Ida M. Queen
Brian Seitz

Director Emeritus

William R. Reabold, Jr.

Other Officers

Nicole Barbaro,
Treasurer/Assistant Secretary

Solicitor

Nanovic Law Offices

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