Mauch Chunk Trust Financial

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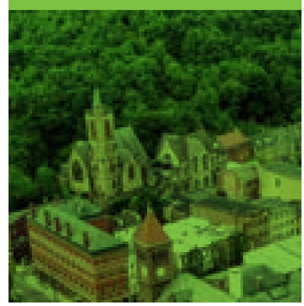
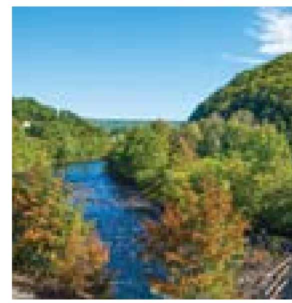
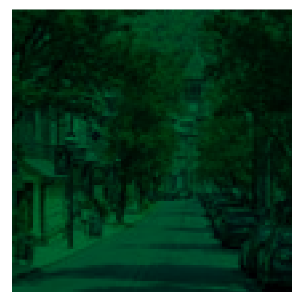
1ST QUARTER 2026 EARNINGS REPORT







Mauch Chunk Trust Financial

TO OUR SHAREHOLDERS:

May 2026

Net income for the three months ended March 31, 2026, was $455 thousand, $212 thousand higher than the same period in 2025. On a per share basis, net income was $ .14 this year versus $ .07 last year.

Higher net income in 2026 is attributable to an increase in net interest income and other income, and decreases in the allowance for credit losses, partially offset by increases in other expenses and income tax expense. Higher net interest income in 2026 is attributable to increases in loan volume year over year and rate repricing within the existing portfolio as loans reprice to the current level of interest rates combined with decreases in deposit expense year over year.

Loans receivable, net of allowance, totaled $287.9 million on March 31, 2026, an increase of $13.9 million from the last year. This increase is attributable to large increases in organic commercial loans and participation loans and increases in consumer loans, partially offset by decreases in mortgages, tax-free loans and purchased commercial loans.

Securities available for sale totaled $225.6 million on March 31, 2026, $58.6 million lower than the same period in 2025. This decrease is attributable to our strategy to reduce the portfolio of lower yielding municipals by absorbing loss trades and allowing corporate securities to mature and provide liquidity for lending to increase the margin. The overall loss on the portfolio also reduced compared to last year. These decreases were slightly offset by additional investments in the mortgage-backed portfolio.

On March 31, 2026, total deposits were $608.7 million, $6.2 million higher than the same period in 2025. This increase is attributable to increases in core deposits such as interest and non-interest-bearing checking, savings due to a new power savings account introduced in 2025, partially offset by decreases in money market and CDs including wholesale deposits.

Short-term debt totaled $24.5 million on March 31, 2026, $26 million less than 2025; the result of allowing longer term FHLB borrowings to mature and be replaced with lower cost deposits.

Total shareholders' equity capital on March 31, 2026, was $1.8 million, $7.3 million more than 2025. Higher equity capital this year is the result of a $6.3 million decrease in accumulated comprehensive losses and a $904 thousand increase in retained earnings, and slight increases in treasury stock of $104 thousand.

While we have made our way out of negative equity for two consecutive quarters, we still have not seen reductions in the loss in the investment portfolio to a level where the full capacity of tangible equity can be realized. Progress is good but will take additional other strategies including more loss trades to continue reducing the level of the loss. In 2026, we reclassified 20% of longer maturity municipals from Available for Sale, which can be sold at any time to Held to Maturity which we would hold in the portfolio until they reach maturity. While this strategy will not improve or reduce earnings, it will add to tangible capital over the years and reduce the impact of upward interest rate movements on the investment portfolio.

In early 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 continue progressing through the leadership transition, key financial management roles have been successfully filled, and additional organizational changes are planned in the coming months to support continuity, strengthen oversight, and position the department for long term success.

The bank delivered solid performance in the first quarter, with earnings reflecting strong operations, disciplined expense management, and continued customer engagement. However, the broader economic environment remains uncertain, with factors such as interest rate volatility, inflationary pressures, and shifting credit conditions creating potential headwinds. As the year progresses, these dynamics could have a meaningful impact on community banks, requiring continued vigilance, prudent risk management, and a focus on maintaining strong capital and liquidity positions.

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

Consolidated Balance Sheets (unaudited)
(Dollars in Thousands)

Assets	As of March 31, **2026**	2025
Cash and due from banks	**$ 5,235**	$ 4,882
Federal funds sold	**22,900**	23,784
Securities available for sale	**225,647**	284,205
Securities held to maturity	**52,494**	-
Restricted investment in bank stock	**1,485**	1,718
Loans receivable, net of allowance for credit losses 2026 $4,447; 2025 $3,451	**287,878**	273,975
Bank premises and equipment, net	**7,310**	7,766
Accrued interest receivable	**2,821**	2,824
Investment in life insurance	**15,096**	14,626
Prepaid expenses and other assets	**17,353**	18,417
Total assets	**$ 638,219**	$ 632,197
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	**$ 83,349**	$ 82,149
Interest bearing	**525,015**	519,999
Total deposits	**608,364**	602,148
Securities sold under agreements to repurchase	**1,327**	2,533
Other liabilities	**2,218**	2,522
Short-term debt	**24,500**	30,500
Total Liabilities	**636,409**	637,703
Stockholders' Equity		
Common stock, no par value; authorized 15,000,000 shares; 2026 issued 3,392,336 shares; outstanding 3,350,815 2025 issued 3,392,336 shares; outstanding 3,342,357	**8,497**	8,497
Retained earnings	**47,230**	46,326
Accumulated other comprehensive loss	**(53,375)**	(59,683)
Treasury stock, at cost, 2026 41,521; 2025 49,979	**(542)**	(646)
Total stockholders' equity	**1,810**	(5,506)
Total liabilities and stockholders' equity	**$ 638,219**	$ 632,197

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

	Three Months Ended March 31, 2026	2025
Interest Income		
Loans receivable, including fees	**$ 4,148**	$ 3,778
Securities:		
Taxable	**2,195**	2,371
Tax-exempt	**420**	451
Total interest income	**6,763**	6,600
Interest expense		
Deposits	**2,492**	2,865
Borrowings	**240**	193
Total interest expense	**2,732**	3,058
Net interest income	**4,031**	3,542
Allowance for Credit Losses	**172**	358
Net interest income after allowance for credit losses	**3,859**	3,184
Other Income		
Service fees	**558**	508
Wealth management fees	**280**	285
Income on insurance policies	**123**	126
Other	**23**	18
Total other income	**984**	937
Other Expenses		
Salaries and benefits	**2,072**	1,960
Occupancy and equipment	**504**	479
Director's fees	**77**	65
Professional fees	**144**	128
FDIC insurance and assessments	**136**	136
Data processing	**544**	496
Advertising	**58**	58
Other operating	**766**	656
Total other expenses	**4,301**	3,978
Income before income taxes	**542**	143
Income Tax Expense	**87**	(100)
Net income	**$ 455**	$ 243
Basic Earnings Per Share	**$ 0.14**	$ 0.07
Weighted Average Shares Outstanding	**3,350,815**	3,342,357