2ND QUARTER 2026 EARNINGS REPORT

Mauch Chunk Trust Financial

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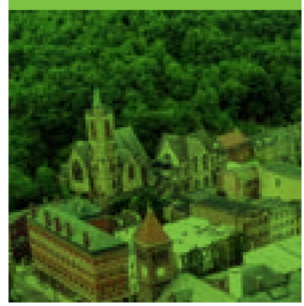

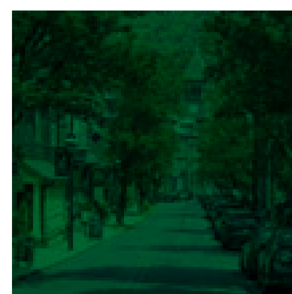

Mauch Chunk Trust Financial

TO OUR SHAREHOLDERS:

August 2026

Net income for the six months ending June 30, 2026, was $703 thousand, $219 thousand higher than the first half of 2025. On a per share basis, net income year-to-date was $.21 this year compared to $.14 last year. For the three months ending June 30, 2026, net income was $248 thousand, $7 thousand higher than last year. On a per share basis, second quarter net income was $.07, the same as 2025.

Higher net income in 2026, year-to-date and for the three months ending June 30, 2026, is attributable to an increase in net interest income and other income, as well as a lower provision for credit losses, partially offset by increases in other expenses and income tax expense.

On June 30, 2026, securities available for sale totaled $224.2 million, $50.6 million lower than last year. This decrease is mainly the result of transferring $53.7 million from available for sale to held to maturity during the first quarter of this year to better manage the impact of interest rate volatility on the securities portfolio and shareholder's equity.

Net loans receivable totaled $292.8 million on June 30, 2026, $10.5 million higher than 2025. This change is primarily attributable to an increase in organic commercial loans and bank participation loans, as well as increases in consumer and home equity loans offset in part by decreases in the mortgage portfolio.

Total deposits were $607.5 million on June 30, 2026, $34.8 million lower than 2025. The year-over-year decrease in deposits is attributable to decreases in non-maturity accounts, and certificates of deposits including non-core brokered funding.

Short-term on June 30, 2026, was $24.5 million, the same as 2025.

Total shareholders' equity capital on June 30, 2026, was $7.2 million, $10.4 million higher than 2025. Higher equity capital this year is the result of a $905 thousand increase in retained earnings, a $9.3 million decrease in the unrealized loss from the investment portfolio and a favorable change of $104 thousand in treasury stock. The decrease in the unrealized loss is mainly attributable to Management's decision during Q1, 2026 to transfer approximately 20% of the bank's longer-maturity municipal securities from available for sale to held to maturity.

MCTFC's capital remains well above the regulatory minimum requirements to be considered well capitalized.

Looking ahead to the remainder of 2026, the broader economic environment remains uncertain. Economic activity continues to expand, while inflation remains above the Federal Reserve's longer-term objective. Kevin Warsh has been installed as the new Chairman of the Federal Reserve and there are reasons to expect the FOMC may act to increase the Fed Funds rate before the end of this year.

We remain focused on increasing loans receivable while maintaining disciplined underwriting to protecting credit quality, managing funding costs and continuing to strengthen the bank's capital position. While we cannot predict the direction of the interest rates or the economy, we believe we are appropriately positioned for whatever changes the second half of 2026 may bring.

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 June 30, 2026	2025
Cash and due from banks	**$ 4,697**	$ 5,614
Federal funds sold	**24,510**	59,909
Securities available for sale	**224,229**	274,845
Securities held to maturity	**53,690**	-
Restricted investment in bank stock	**1,547**	1,523
Loans receivable, net of allowance for credit losses 2026 $4,716; 2025 $3,871	**292,849**	282,316
Bank premises and equipment, net	**7,180**	7,656
Accrued interest receivable	**3,180**	3,146
Investment in life insurance	**15,204**	14,738
Prepaid expenses and other assets	**15,975**	17,585
Total assets	**$ 643,061**	$ 667,332
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	**$ 83,317**	$ 92,484
Interest bearing	**524,212**	549,826
Total deposits	**607,529**	642,310
Securities sold under agreements to repurchase	**1,082**	1,314
Other liabilities	**2,765**	2,376
Short-term debt	**24,500**	24,500
Total Liabilities	**635,876**	670,500
Stockholders' Equity		
Common stock, no par value; authorized 15,000,000 shares; 2026 issued 3,392,336 shares; outstanding 3,352,858 2025 issued 3,392,336 shares; outstanding 3,344,403	**8,497**	8,497
Retained earnings	**47,193**	46,288
Accumulated other comprehensive loss	**(47,988)**	(57,332)
Treasury stock, at cost, 2026 39,478; 2025 47,933	**(517)**	(621)
Total stockholders' equity	**7,185**	(3,168)
Total liabilities and stockholders' equity	**$ 643,061**	$ 667,332

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	**2026**	2025
Interest Income				
Loans receivable, including fees	**$ 4,320**	$ 4,058	**$ 8,468**	$ 7,836
Securities:				
Taxable	**1,924**	1,745	**3,851**	4,116
Tax-exempt	**413**	443	**833**	894
Interest income Fed funds sold	**225**	620	**493**	620
Total interest income	**6,882**	6,866	**13,645**	13,466
Interest expense				
Deposits	**2,409**	2,787	**4,901**	5,652
Borrowings	**242**	288	**482**	481
Total interest expense	**2,651**	3,075	**5,383**	6,133
Net interest income	**4,231**	3,791	**8,262**	7,333
Allowance for Credit Losses	**280**	454	**452**	812
Net interest income after allowance for credit losses	**3,951**	3,337	**7,810**	6,521
Other Income				
Service fees	**603**	541	**1,161**	1,049
Wealth management fees	**379**	336	**659**	621
Income on deferred Loans	**-**	43	**-**	43
Income on insurance policies	**106**	101	**229**	227
Other	**26**	41	**49**	59
Total other income	**1,114**	1,062	**2,098**	1,999
Other Expenses				
Salaries and benefits	**2,182**	2,035	**4,254**	3,995
Occupancy and equipment	**470**	429	**974**	908
Director's fees	**93**	105	**170**	170
Professional fees	**158**	132	**302**	260
FDIC insurance and assessments	**136**	136	**272**	272
Data processing	**558**	497	**1,102**	993
Advertising	**57**	59	**115**	117
Loss on sale of Securities	**233**	33	**-**	33
Loss on sale of Loans	**-**	36	**233**	36
Other operating	**800**	696	**1,566**	1,352
Total other expenses	**4,687**	4,158	**8,988**	8,136
Income before income taxes	**378**	241	**920**	384
Income Tax Expense	**130**	-	**217**	(100)
Net income	**$ 248**	$ 241	**$ 703**	$ 484
Basic Earnings Per Share	**$ 0.07**	$ 0.07	**$ 0.21**	$ 0.14
Weighted Average Shares Outstanding	**3,352,858**	3,344,403	**3,351,837**	3,343,380