Mauch Chunk Trust Financial

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3RD QUARTER 2026 EARNINGS REPORT









Mauch Chunk Trust Financial

877.325.2265 / mct.bank

TO OUR SHAREHOLDERS:

October 2026

Net income for the nine months ending September 30, 2026, was $1.2 million, $247 thousand higher than the first nine months of 2025. On a per share basis, net income year-to-date was $.37 this year compared to $.30 last year. For the three months ending September 30, 2026, net income was $544 thousand, $28 thousand higher than last year. On a per share basis, third quarter net income was $.16, compared to $.15 in 2025.

Higher net income in 2026, year-to-date is attributable to an increase in net interest income and other income combined with a decrease in the allowance for credit losses, partially offset by increases in other expenses and income tax expense.

Higher net income for the three months ending September 30, 2026, is attributable to an increase in net interest income and other income, partially offset by increases in other expenses, the allowance for credit losses and income tax expense.

On September 30, 2026, securities available for sale totaled $235.5 million, $44.1 million lower than last year. This decrease is 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 $299.3 million on September 30, 2026, $14.5 million higher than 2025. This change is primarily attributable to an increase in organic commercial loans, purchased participation and tax-exempt loans, partially offset by decreases in consumer installment loans, mortgages, and purchased commercial loans.

Total deposits were $617.3 million on September 30, 2026, $10.8 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, partially offset by growth in savings accounts and municipal deposits.

Short-term borrowings on September 30, 2026, were $44.5 million, $20 million higher than 2025. This increase is the result of using wholesale funds to purchase higher yielding securities to increase interest income and potentially create gains in the investment portfolio to offset future losses.

Total shareholders' equity capital on September 30, 2026, was negative $3.1 million, a $2.6 million decrease from 2025. Lower equity capital this quarter is the result of a $3.6 million increase in the unrealized loss from the investment portfolio from 2025. The increase in other comprehensive loss is a result of recent increase in the level of longer yielding interest rates compared to 2025.

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

After three consecutive quarters of positive shareholders' equity, the recent increase in longer-term Treasury yields has once again impacted the market value of our investment portfolio.

While this is certainly not where we would like to be, it is important to understand that this change is primarily driven by unrealized losses on investment securities resulting from fluctuations in market interest rates. These market value adjustments can fluctuate significantly as interest rates change and do not necessarily represent losses MCT will realize.

We remain focused on managing our investment portfolio, maintaining appropriate liquidity and capital levels, and strengthening our balance sheet. As securities mature and cash flows are reinvested to lending, we have opportunities to improve earnings and gradually reduce the impact of our lower-yielding investments over time.

The third quarter also marked an important chapter in the history of Mauch Chunk Trust Company as we announced changes in the leadership of our Board of Directors and executive management team. With a new Chairman of the Board, President and Chief Executive Officer, and Chief Financial Officer, we are entering a period of transition that brings both fresh perspectives and a continued commitment to the values that have guided our bank for generations.

While leadership roles may change, our dedication to our customers, employees, communities, and shareholders remains steadfast. As we look ahead to 2027 and beyond, our focus will be on strengthening our financial position, pursuing thoughtful opportunities for growth, improving operational efficiencies, and positioning MCT for long-term success. We are fortunate to have a dedicated team of employees and an engaged Board of Directors who share this vision, and we are excited about what we can accomplish together.

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

Sincerely,



Nicole Hawk
President/Chief Executive Officer

Brian Seitz
Chairman of the Board

Consolidated Balance Sheets (unaudited)
(Dollars in Thousands)

	As of September 30,	
Assets	**2026**	2025
Cash and due from banks	**$ 7,993**	$ 5,530
Federal funds sold	**18,781**	41,840
Securities available for sale	**235,542**	279,681
Securities held to maturity	**54,679**	-
Restricted investment in bank stock	**2,423**	1,598
Loans receivable, net of allowance for credit losses 2026 $5,060; 2025 $4,082	**299,322**	284,842
Bank premises and equipment, net	**7,119**	7,486
Accrued interest receivable	**2,947**	2,875
Investment in life insurance	**14,947**	14,865
Prepaid expenses and other assets	**19,419**	16,959
Total assets	**$ 663,172**	$ 655,676
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	**$ 92,014**	$ 90,249
Interest bearing	**525,256**	537,795
Total deposits	**617,270**	628,044
Securities sold under agreements to repurchase	**728**	940
Other liabilities	**3,737**	2,632
Short-term debt	**44,500**	24,500
Total Liabilities	**666,235**	656,116
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 3,346,569	**8,497**	8,497
Retained earnings	**47,739**	46,792
Accumulated other comprehensive loss	**(58,782)**	(55,135)
Treasury stock, at cost, 2026 39,478; 2025 45,767	**(517)**	(594)
Total stockholders' equity	**(3,063)**	(440)
Total liabilities and stockholders' equity	**$ 663,172**	$ 655,676

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Interest Income				
Loans receivable, including fees	**$ 4,434**	$ 4,164	**$ 12,902**	$ 12,000
Securities:				
Taxable	**2,190**	2,020	**6,041**	6,136
Tax-exempt	**411**	442	**1,244**	1,336
Interest income Fed funds sold	**152**	414	**645**	1,034
Total interest income	**7,187**	7,040	**20,832**	20,506
Interest expense				
Deposits	**2,454**	2,876	**7,355**	8,528
Borrowings	**386**	284	**868**	765
Total interest expense	**2,840**	3,160	**8,223**	9,293
Net interest income	**4,347**	3,880	**12,609**	11,213
Allowance for Credit Losses	**345**	209	**797**	1,021
Net interest income after allowance for credit losses	**4,002**	3,671	**11,812**	10,192
Other Income				
Service fees	**659**	575	**1,820**	1,624
Wealth management fees	**307**	281	**966**	902
Income on deferred Loans	**-**	-	**-**	43
Income on insurance policies	**107**	118	**336**	345
Other	**22**	21	**71**	81
Total other income	**1,095**	995	**3,193**	2,995
Other Expenses				
Salaries and benefits	**2,232**	1,994	**6,486**	5,989
Occupancy and equipment	**444**	466	**1,418**	1,374
Director's fees	**75**	80	**245**	250
Professional fees	**181**	131	**483**	391
FDIC insurance and assessments	**136**	136	**408**	408
Data processing	**552**	498	**1,654**	1,491
Advertising	**58**	58	**173**	175
Loss on sale of Securities	**-**	-	**233**	33
Loss on sale of Loans	**-**	-	**-**	36
Other operating	**744**	787	**2,310**	2,140
Total other expenses	**4,422**	4,150	**13,410**	12,287
Income before income taxes	**675**	516	**1,595**	900
Income Tax Expense	**131**	-	**348**	(100)
Net income	**$ 544**	$ 516	**$ 1,247**	$ 1,000
Basic Earnings Per Share	**$ 0.16**	$ 0.15	**$ 0.37**	$ 0.30
Weighted Average Shares Outstanding	**3,352,858**	3,346,569	**3,351,837**	3,344,443