

**Letter From The President
Dear Shareholder:**

We are pleased to present to you the financial condition of Mifflinburg Bancorp, Inc. and its subsidiaries through March 31, 2017.

Net income, as reported for the three months ended March 31, 2017 was \$1,111,000 compared to \$1,049,000 for the same period in 2016, a 5.9% increase. Earnings per share were \$1.18 compared to \$1.06 during the same period in 2016. Return on average assets and return on average equity were 1.08% and 11.14% for the three months ended March 31, 2017 compared to 1.08% and 9.94% for the corresponding period of 2016.

Net interest income for the three months ended March 31, 2017 was \$3,029,000 compared to \$2,921,000 for the same period in 2016, a 3.7% increase. Net interest margin decreased slightly from 3.19% to 3.11% for the corresponding periods of 2016 & 2017. The decrease in the net interest margin resulted from a decrease in yield on earning assets and slight increase in cost of funds. Yield on earning assets decreased from 3.78% as of March 31, 2016 to 3.70% as of March 31, 2017. Cost of funds increased from 0.75% as of March 31, 2016 to 0.77% as of March 31, 2017. The increase in total net interest income is the result of the significant increase in the size of the balance sheet.

The provision for loan losses was funded \$75,000 year to date. The allowance for loan loss currently stands at 1.31% of gross loans as of March 31, 2017, compared to 1.38% of gross loans as of March 31, 2016.

Total non-operating income increased 10.9% over the prior year primarily as a result of increases in investment product sales, service charges on deposits, and securities gains. Total non-interest expense increased 2.4% over the prior year.

Total assets increased to \$423 million as of March 31, 2017 from \$387 million as of March 31, 2016, an increase of \$36 million, or 9.1%. The increase in total assets is the result of an increase in total loans of \$23 million, or 8.1% and an increase of securities available for sale of \$9 million, or 13.5%. To fund the loan and security growth, deposits increased \$20 million, or 6.7% and short-term borrowings increased \$11 million.

Our financial performance is on target through the first quarter of 2017. Our conservative balance sheet management has us positioned well for the anticipated measured interest rate increases. As always, we are committed to steady growth while maintaining a solid capital foundation and remaining a safe, reliable financial institution.

Sincerely,



Jeffrey J. Kapsar
President and CEO

**Mifflinburg Bancorp, Inc. & Subsidiary
Consolidated Balance Sheet**
(unaudited)

	March 31,	
	2017	2016
(In Thousands, Except Per Share Data)		
ASSETS		
Cash and due from banks	\$ 6,856	\$ 4,273
Federal funds sold	-	1,047
Total cash and cash equivalents	<u>6,856</u>	<u>5,320</u>
Interest-bearing deposits in banks	19,738	17,698
Securities available for sale	74,672	65,808
Loans held for sale	-	-
Loans	304,001	281,224
Allowance for loan losses	(3,991)	(3,874)
Loans, net	<u>300,010</u>	<u>277,350</u>
Premises and equipment	7,379	7,131
Accrued interest receivable	1,036	988
Cash surrender value of life insurance	10,039	10,220
Other real estate owned	-	-
Deferred income taxes	1,442	1,099
Other assets	1,495	1,702
TOTAL ASSETS	<u>\$422,667</u>	<u>\$387,316</u>
LIABILITIES		
Noninterest-bearing deposits	\$ 52,647	\$ 44,344
Interest bearing deposits	266,181	254,517
Total deposits	<u>318,828</u>	<u>298,861</u>
Securities sold under agreement to repurchase	5,460	5,553
Federal funds purchased	6,618	-
Short term borrowings	18,608	7,208
Federal Home Loan Bank advances	27,948	29,381
Accrued interest payable	454	433
Other liabilities	3,889	3,259
Total Liabilities	<u>381,805</u>	<u>344,695</u>
SHAREHOLDERS' EQUITY		
Common stock, par value \$1.00;		
Authorized 5,000,000 shares;		
Issued 1,080,000 shares; outstanding	1,080	1,080
Capital surplus	2,773	2,726
Retained earnings	44,045	41,823
Accumulated other comprehensive income	216	773
Less: Treasury Stock at cost, 146,749 and 91,903 shares	(7,252)	(3,781)
TOTAL SHAREHOLDERS' EQUITY	<u>40,862</u>	<u>42,621</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$422,667</u>	<u>\$387,316</u>

PERFORMANCE RATIOS:

Return on average assets	<u>1.08%</u>	<u>1.08%</u>
Return on average shareholders' equity	<u>11.14%</u>	<u>9.94%</u>

**Mifflinburg Bancorp, Inc. & Subsidiary
Consolidated Statements of Income**
(unaudited)

	For The Three Months Ended March 31,	
	2017	2016
(In Thousands, Except Per Share Data)		
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	\$ 3,126	\$ 3,010
Interest-bearing deposits in bank	87	68
Federal funds sold	-	1
Securities:		
Taxable	95	91
Exempt from federal income tax	258	245
Dividends	41	37
Total interest and dividend income	<u>3,607</u>	<u>3,452</u>
INTEREST EXPENSE		
Deposits	440	393
Federal Home Loan Bank advances	130	135
Other borrowings	8	3
Total interest expense	<u>578</u>	<u>531</u>
NET INTEREST INCOME	3,029	2,921
PROVISION FOR LOAN LOSSES	<u>75</u>	<u>75</u>
Net interest income after provision for loan losses	<u>2,954</u>	<u>2,846</u>
NON-INTEREST INCOME:		
Service charges on deposit accounts	131	123
Gain on sale of loans	59	49
Trust department income	36	36
Investments product sales	32	24
Net securities gains	41	5
Earnings on cash surrender value of life insurance	90	92
Other	160	166
Total non-interest income	<u>549</u>	<u>495</u>
NON-INTEREST EXPENSE		
Salaries and employee benefits	1,172	1,151
Net occupancy and equipment expense	209	181
Data processing fees	116	108
State shares tax	91	95
FDIC insurance premiums	37	50
Other	349	342
Total non-interest expense	<u>1,974</u>	<u>1,927</u>
INCOME BEFORE INCOME TAX PROVISION	1,529	1,414
INCOME TAX PROVISION	<u>418</u>	<u>365</u>
NET INCOME	<u>\$ 1,111</u>	<u>\$ 1,049</u>

PER SHARE DATA:

Earnings per share	<u>\$ 1.18</u>	<u>\$ 1.06</u>
Ordinary Dividend per share	<u>\$ -</u>	<u>\$ -</u>

BOARD OF DIRECTORS

Thomas E. Boop, Chairman
Jeffery J. Kapsar, President & CEO, Vice Chairman
Richard J. Drzewiecki
John D. Griffith
Robert C. Musser
Betsy K. Robertson
John R. Showers

DIRECTORS EMERITUS

Robert K. Lynch
W. Gale Reish
D. Roger Shuck
Robert E. Valentine

BANK OFFICERS

Jeffrey J. Kapsar
President and Chief Executive Officer
Thomas L. Eberhart
Senior Vice President and Chief Operating Officer
Thomas C. Graver, Jr., CPA
Senior Vice President and Chief Financial Officer
Garry R. Benfer
Senior Vice President of Loan Administration
Thomas E. Beck, CPA
Senior Vice President Internal Audit & Compliance
Kris A. Ruhl
Vice President – Commercial Sales
Andrea L. Long
Vice President of Human Resources
Patti J. Zimmerman
Vice President of Trust Services
Lori Betz
Vice President – Deposit Operations

OFFICES LOCATED AT:

Mifflinburg

250 E. Chestnut Street
Phone: 570-966-1041

Lewisburg

1110 N. Fairground Rd.
Phone: 570-523-1144

Millhiem

Rt. 45 P.O. Box 438
Phone: 814-349-2426

Shamokin Dam

2894 N. Susquehanna Trail
Phone: 570-743-6282

New Berlin

7874 State Route 304
Phone: 570-966-5225

Downtown Lewisburg

500 Market Street
Phone: 570-523-5000

Registrar and Transfer Agent:

Mifflinburg Bank & Trust Company
250 E. Chestnut Street
Mifflinburg, PA 17844

Mifflinburg Bancorp, Inc. company common stock is traded under the symbol MIFF.PK

Mifflinburg Bancorp, Inc. is a bank holding company organized under the Pennsylvania Business Corporation Laws on February 3, 1986.

The assets are primarily those of its wholly owned subsidiary, Mifflinburg Bank & Trust Company, established in 1872.

**March 31, 2017
QUARTERLY
REPORT**



MIFFLINBURG BANCORP, INC.

Visit our website at wwwmbtc.com