

**Letter From The President  
Dear Shareholder:**

We are pleased to present to you the financial condition of Mifflinburg Bancorp, Inc. and its subsidiaries through September 30, 2019.

Record net income, as reported for the nine months ended September 30, 2019 was \$3,989,000 compared to \$3,925,000 for the same period in 2018, a 1.6% increase. Earnings per share were \$2.13 compared to \$2.10 during the same period in 2018. Return on average assets and return on average equity were 1.20% and 11.31% for the nine months ended September 30, 2019 compared to 1.21% and 12.20% for the corresponding period of 2018.

Net interest income for the nine months ended September 30, 2019 was \$10,012,000 compared to \$9,708,000 for the same period in 2018, a 3.1% increase. Net interest margin increased from 3.15% to 3.20% for the corresponding periods of 2018 & 2019. The increase in the net interest margin resulted from an increase yield on earning assets, offset by an increase in cost of funds. Yield on earning assets increased from 3.95% as of September 30, 2018 to 4.19% as of September 30, 2019. Cost of funds increased from 0.98% as of September 30, 2018 to 1.23% as of September 30, 2019.

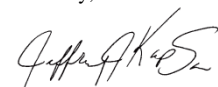
The provision for loan losses has not been funded in 2019. The allowance for loan loss currently stands at 1.33% and 1.23% of gross loans as of September 30, 2018 and 2019, respectively.

Total non-operating income decreased 5.3% over the prior year as result of a \$70,000 net change in net investment securities gains (losses). Total non-interest expense increased 7.3% over the prior year as result of additional salaries and benefits and occupancy expenses associated with the addition of the Selinsgrove branch in late 2018.

Total assets increased to \$455 million as of September 30, 2019 from \$452 million as of September 30, 2018, an increase of 0.6%. The increase in total assets is the result of an increase of loans of \$6.4 million, or 2.1%. To fund this loan growth, deposits increased \$5.8 million, or 1.7%.

The current economic environment of a flat yield curve and volatile markets along with anticipated overhead expense increases as we grow our new Selinsgrove office and build the Milton branch office present challenges to our net income. However, we are pleased with our financial position and continue to explore new opportunities to increase income and reduce expenses to maintain the performance of a prominent community bank.

Sincerely,



Jeffrey J. Kapsar  
President and CEO

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

(In Thousands, Except Per Share Data)	September 30, 2019	2018
<b>ASSETS</b>		
Cash and due from banks	\$ 5,352	\$ 6,359
Federal funds sold	<u>6,956</u>	<u>10,202</u>
<b>Total cash and cash equivalents</b>	<u>12,308</u>	<u>16,561</u>
Interest-bearing deposits in banks	28,718	21,076
Equity securities with readily determinable fair value	438	466
Debt securities available for sale	81,236	88,792
Loans held for sale	924	-
Loans	313,348	306,925
Allowance for loan losses	<u>(3,858)</u>	<u>(4,074)</u>
<b>Loans, net</b>	<u>309,490</u>	<u>302,851</u>
Premises and equipment	8,103	8,235
Accrued interest receivable	1,385	1,402
Cash surrender value of life insurance	10,638	10,400
Deferred income taxes	570	1,237
Other assets	<u>1,023</u>	<u>1,072</u>
<b>TOTAL ASSETS</b>	<u>\$454,833</u>	<u>\$452,092</u>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 59,040	\$ 55,593
Interest bearing deposits	<u>293,157</u>	<u>290,830</u>
<b>Total deposits</b>	<u>352,197</u>	<u>346,423</u>
Securities sold under agreement to repurchase	20,601	22,112
Short term borrowings	3,604	7,292
Federal Home Loan Bank advances	24,145	27,678
Accrued interest payable	665	538
Other liabilities	<u>4,635</u>	<u>3,982</u>
<b>Total Liabilities</b>	<u>405,847</u>	<u>408,025</u>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, par value \$1.00;		
Authorized 5,000,000 shares; Issued		
2,160,000 shares; outstanding		
1,871,392 and 1,872,502	2,160	2,160
Capital surplus	1,779	1,730
Retained earnings	51,196	48,408
Accumulated other comprehensive income (loss)	1,033	(1,128)
Less: Treasury Stock at cost, 288,608		
and 287,498 shares	<u>(7,182)</u>	<u>(7,103)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>48,986</u>	<u>44,067</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$454,833</u>	<u>\$452,092</u>

**PERFORMANCE RATIOS:**

Return on average assets	<u>1.20%</u>	<u>1.21%</u>
Return on average shareholders' equity	<u>11.31%</u>	<u>12.20%</u>

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

(In Thousands, Except Per Share Data)	For The Nine months Ended September 30,	
	2019	2018
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest and fees on loans	\$ 10,927	\$ 10,416
Interest-bearing deposits in bank	400	277
Federal funds sold	65	51
Securities:		
Taxable	609	354
Exempt from federal income tax	961	938
Dividends	<u>135</u>	<u>126</u>
<b>Total interest and dividend income</b>	<u>13,097</u>	<u>12,162</u>
<b>INTEREST EXPENSE</b>		
Deposits	2,637	2,004
Federal Home Loan Bank advances	437	441
Other borrowings	<u>11</u>	<u>9</u>
<b>Total interest expense</b>	<u>3,085</u>	<u>2,454</u>
<b>NET INTEREST INCOME</b>	10,012	9,708
<b>PROVISION FOR LOAN LOSSES</b>	<u>-</u>	<u>225</u>
<b>Net interest income after provision for loan losses</b>	<u>10,012</u>	<u>9,483</u>
<b>NON-INTEREST INCOME:</b>		
Service charges on deposit accounts	410	410
Gain on sale of loans	228	229
Trust department income	96	106
Investments product sales	70	77
Net investment securities (losses) gains	(31)	39
Earnings on cash surrender value of life insurance	175	204
Other	<u>579</u>	<u>547</u>
<b>Total non-interest income</b>	<u>1,527</u>	<u>1,612</u>
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	4,133	3,850
Net occupancy and equipment expense	733	657
Data processing fees	392	378
State shares tax	266	253
FDIC insurance premiums	63	99
Other	<u>1,223</u>	<u>1,111</u>
<b>Total non-interest expense</b>	<u>6,810</u>	<u>6,348</u>
<b>INCOME BEFORE INCOME TAX PROVISION</b>	4,729	4,747
<b>INCOME TAX PROVISION</b>	<u>740</u>	<u>822</u>
<b>NET INCOME</b>	<u>\$ 3,989</u>	<u>\$ 3,925</u>

**PER SHARE DATA:**

Earnings per share	<u>\$ 2.13</u>	<u>\$ 2.10</u>
Ordinary Dividend per share	<u>\$ 0.50</u>	<u>\$ 0.47</u>

**BOARD OF DIRECTORS**

Thomas E. Boop, Chairman  
Jeffrey J. Kapsar, President & CEO, Vice Chairman  
John R. Showers, Secretary  
Richard J. Drzewiecki  
Robert C. Musser  
Robert S. Pierce  
Betsy K. Robertson

**DIRECTORS EMERITUS**

John D. Griffith  
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  
Executive Vice President and Chief Operating Officer  
Thomas C. Graver, Jr., CPA  
Executive 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  
Andrea L. Long  
Senior Vice President of Human Resources  
Kris A. Ruhl  
Vice President – Commercial Sales  
Bill K. Greis  
Vice President – Commercial Sales  
Patti J. Zimmerman  
Vice President of Trust Services  
Lori J. Weber  
Vice President – Deposit Operations  
Mandi L. Ruhl  
Vice President – Branch Administration  
William J. Burd  
Vice President – Loan 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

**Selinsgrove**

Route 522 and 18<sup>th</sup> Street  
Phone: 570-374-2265

**Registrar and Transfer Agent:**

Computershare  
462 South 4<sup>th</sup> Street, Suite 1600  
Louisville, KY 40202  
[www.computershare.com](http://www.computershare.com)

**September 30, 2019  
QUARTERLY  
REPORT**



**MIFFLINBURG BANCORP, INC.**

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

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