

**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, 2017.

Net income, as reported for the nine months ended September 30, 2017 was \$3,369,000 compared to \$3,233,000 for the same period in 2016, a 4.2% increase. Earnings per share were \$3.60 compared to \$3.27 during the same period in 2016. Return on average assets and return on average equity were 1.07% and 10.86% for the nine months ended September 30, 2017 compared to 1.10% and 10.00% for the corresponding period of 2016.

Net interest income for the nine months ended September 30, 2017 was \$9,218,000 compared to \$8,748,000 for the same period in 2016, a 5.4% increase. Net interest margin decreased from 3.16% to 3.08% for the corresponding periods of 2016 & 2017. The decrease in the net interest margin resulted from a decrease in yield on earning assets and an increase in cost of funds. Yield on earning assets decreased from 3.74% as of September 30, 2016 to 3.72% as of September 30, 2017. Cost of funds increased from 0.75% as of September 30, 2016 to 0.83% as of September 30, 2017. The increase in total net interest income is the result of the significant increase in the size of the balance sheet.

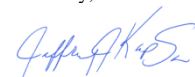
The provision for loan losses was funded \$175,000 year to date. The allowance for loan loss currently stands at 1.31% of gross loans as of September 30, 2017, compared to 1.37% of gross loans as of September 30, 2016.

Total non-operating income decreased 6.1% over the prior year primarily as a result of decreases in gains on sale of loans. Total non-interest expense increased 3.5% over the prior year.

Total assets increased to \$426 million as of September 30, 2017 from \$414 million as of September 30, 2016, an increase of \$11.8 million, or 2.9%. The increase in total assets is the result of an increase in total loans of \$20.3 million, or 7.1%. To fund the loan growth, deposits increased \$8.4 million, or 2.6% and repurchase agreements increased \$5.5 million.

Our goals of balance sheet and income growth are on target for the year. The profitability of Mifflinburg Bank & Trust over the past several years has allowed us to continually reward our shareholders while remaining a well-capitalized financial institution. We are committed to enhancing your investment in Mifflinburg Bancorp while remaining a reputable, sound community bank

Sincerely,



Jeffrey J. Kapsar  
President and CEO

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

(In Thousands, Except Per Share Data)	<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 6,681	\$ 16,067
Federal funds sold	<u>1,407</u>	<u>1,754</u>
<b>Total cash and cash equivalents</b>	<u>8,088</u>	<u>17,821</u>
Interest-bearing deposits in banks	19,721	19,744
Securities available for sale	76,199	75,155
Loans held for sale	247	396
Loans	304,649	284,335
Allowance for loan losses	<u>(3,988)</u>	<u>(3,895)</u>
<b>Loans, net</b>	<u>300,661</u>	<u>280,440</u>
Premises and equipment	7,248	7,347
Accrued interest receivable	1,451	1,486
Cash surrender value of life insurance	10,162	9,908
Other real estate owned	169	20
Deferred income taxes	1,181	1,087
Other assets	<u>842</u>	<u>755</u>
<b>TOTAL ASSETS</b>	<u>\$425,969</u>	<u>\$414,159</u>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 50,341	\$ 48,255
Interest bearing deposits	<u>283,181</u>	<u>276,820</u>
<b>Total deposits</b>	<u>333,522</u>	<u>325,075</u>
Securities sold under agreement to repurchase	11,572	6,066
Short term borrowings	5,200	5,208
Federal Home Loan Bank advances	28,859	29,337
Accrued interest payable	429	399
Other liabilities	<u>3,705</u>	<u>4,171</u>
<b>Total Liabilities</b>	<u>383,287</u>	<u>370,256</u>
<b>SHAREHOLDERS' EQUITY</b>		
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	45,491	43,167
Accumulated other comprehensive income	590	864
Less: Treasury Stock at cost, 146,749 and 94,467 shares	<u>(7,252)</u>	<u>(3,934)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>42,682</u>	<u>43,903</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$425,969</u>	<u>\$414,159</u>

**PERFORMANCE RATIOS:**

Return on average assets	<u>1.07%</u>	<u>1.10%</u>
Return on average shareholders' equity	<u>10.86%</u>	<u>10.00%</u>

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

(In Thousands, Except Per Share Data)	<b>For The Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest and fees on loans	\$ 9,671	\$ 9,056
Interest-bearing deposits in bank	263	219
Federal funds sold	16	15
Securities:		
Taxable	267	264
Exempt from federal income tax	793	698
Dividends	<u>132</u>	<u>109</u>
<b>Total interest and dividend income</b>	<u>11,142</u>	<u>10,361</u>
<b>INTEREST EXPENSE</b>		
Deposits	1,452	1,214
Federal Home Loan Bank advances	459	397
Other borrowings	<u>13</u>	<u>2</u>
<b>Total interest expense</b>	<u>1,924</u>	<u>1,613</u>
<b>NET INTEREST INCOME</b>	9,218	8,748
<b>PROVISION FOR LOAN LOSSES</b>	<u>175</u>	<u>275</u>
<b>Net interest income after provision for loan losses</b>	<u>9,043</u>	<u>8,473</u>
<b>NON-INTEREST INCOME:</b>		
Service charges on deposit accounts	388	378
Gain on sale of loans	170	214
Trust department income	106	120
Investments product sales	54	92
Net securities gains	65	26
Earnings on cash surrender value of life insurance	261	282
Other	<u>483</u>	<u>514</u>
<b>Total non-interest income</b>	<u>1,527</u>	<u>1,626</u>
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	3,623	3,449
Net occupancy and equipment expense	637	576
Data processing fees	350	324
State shares tax	267	259
FDIC insurance premiums	105	147
Other	<u>1,032</u>	<u>1,058</u>
<b>Total non-interest expense</b>	<u>6,014</u>	<u>5,813</u>
<b>INCOME BEFORE INCOME TAX PROVISION</b>	4,556	4,286
<b>INCOME TAX PROVISION</b>	<u>1,187</u>	<u>1,053</u>
<b>NET INCOME</b>	<u>\$ 3,369</u>	<u>\$ 3,233</u>

**PER SHARE DATA:**

Earnings per share	<u>\$ 3.60</u>	<u>\$ 3.27</u>
Ordinary Dividend per share	<u>\$ 0.87</u>	<u>\$ 0.85</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  
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 J. Betz  
Vice President – Deposit Operations  
Justin B. Troup  
Vice President – Commercial Services  
Mandi L. Ruhl  
Vice President – Branch Administration

**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

**September 30, 2017  
QUARTERLY  
REPORT**



**Registrar and Transfer Agent:**  
Mifflinburg Bank & Trust Company  
250 E. Chestnut Street  
Mifflinburg, PA 17844

**MIFFLINBURG BANCORP, INC.**

*Visit our website at [wwwmbtc.com](http://wwwmbtc.com)*

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.