

**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, 2020.

Record net income, as reported for the three months ended March 31, 2020 was \$1,289,000 compared to \$1,260,000 for the same period in 2019, a 2.3% increase. Earnings per share were \$0.69 compared to \$0.67 during the same period in 2019. Return on average assets and return on average equity were 1.14% and 10.34% for the three months ended March 31, 2020 compared to 1.17% and 11.18% for the corresponding period of 2019.

Net interest income for the three months ended March 31, 2020 was \$3,410,000 compared to \$3,300,000 for the same period in 2019, a 3.3% increase. Net interest margin decreased from 3.22% to 3.19% for the corresponding periods of 2019 & 2020. The decrease in the net interest margin resulted from a decrease yield on earning assets, offset by a decrease in cost of funds. Yield on earning assets decreased from 4.20% as of March 31, 2019 to 4.06% as of March 31, 2020. Cost of funds decreased from 1.20% as of March 31, 2019 to 1.11% as of March 31, 2020.

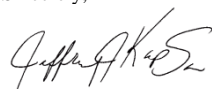
The provision for loan losses was funded \$150,000 in the first quarter of 2020 due to significant economic concerns resulting from the COVID-19 virus. The allowance for loan loss currently stands at 1.28% and 1.25% of gross loans as of March 31, 2019 and 2020, respectively.

Total non-operating income decreased 7.0% over the prior year as result of a \$40,000 increase in net investment securities losses. Total non-interest expense decreased 3.6% over the prior year as result of decreased occupancy costs and reduced FDIC insurance premiums.

Total assets increased to \$459 million as of March 31, 2020 from \$444 million as of March 31, 2019, an increase of 3.3%. The increase in total assets is the result of an increase of loans of \$12.0 million, or 3.9%. To fund this loan growth, deposits increased \$5.0 million, or 1.5% and FHLB short and long term borrowings increased \$7.0 million, or 24.6%.

Mifflinburg Bank & Trust is an essential business and therefore our offices are open under modified conditions. We have taken the necessary steps to protect our customers and employees and continue to adjust as this situation changes. We are working with our customers as their financial needs change in this unprecedented environment. We strive to retain the trust and confidence of our customers and neighbors and remain 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)	March 31,	
	2020	2019
<b>ASSETS</b>		
Cash and due from banks	\$ 7,939	\$ 5,911
Federal funds sold	<u>2,507</u>	<u>3,773</u>
<b>Total cash and cash equivalents</b>	<u>10,446</u>	<u>9,684</u>
Interest-bearing deposits in banks	26,752	21,285
Equity securities with readily determinable fair value	410	462
Debt securities available for sale	85,986	89,340
Loans held for sale	289	-
Loans	317,357	305,377
Allowance for loan losses	<u>(3,956)</u>	<u>(3,899)</u>
<b>Loans, net</b>	<u>313,401</u>	<u>301,478</u>
Premises and equipment	7,883	8,302
Accrued interest receivable	1,299	1,386
Cash surrender value of life insurance	10,748	10,522
Deferred income taxes	534	768
Other assets	<u>1,331</u>	<u>1,208</u>
<b>TOTAL ASSETS</b>	<u>\$459,079</u>	<u>\$444,435</u>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 61,599	\$ 57,252
Interest bearing deposits	<u>286,339</u>	<u>285,647</u>
<b>Total deposits</b>	<u>347,938</u>	<u>342,899</u>
Securities sold under agreement to repurchase	20,621	21,395
Short term borrowings	8,333	6,204
Federal Home Loan Bank advances	26,926	22,087
Accrued interest payable	730	613
Other liabilities	<u>4,109</u>	<u>4,913</u>
<b>Total Liabilities</b>	<u>408,657</u>	<u>398,111</u>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, par value \$1.00;		
Authorized 5,000,000 shares; Issued		
2,160,000 shares; outstanding		
1,871,302 and 1,871,392	2,160	2,160
Capital surplus	1,818	1,779
Retained earnings	52,287	49,403
Accumulated other comprehensive income	1,381	164
Less: Treasury Stock at cost, 288,698		
and 288,608 shares	<u>(7,224)</u>	<u>(7,182)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>50,422</u>	<u>46,324</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$459,079</u>	<u>\$444,435</u>

**PERFORMANCE RATIOS:**

Return on average assets	<u>1.14%</u>	<u>1.17%</u>
Return on average shareholders' equity	<u>10.34%</u>	<u>11.18%</u>

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

(In Thousands, Except Per Share Data)	For The Three months Ended March 31,	
	2020	2019
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest and fees on loans	\$ 3,626	\$ 3,583
Interest-bearing deposits in bank	154	113
Federal funds sold	7	12
Securities:		
Taxable	170	235
Exempt from federal income tax	344	305
Dividends	<u>42</u>	<u>51</u>
<b>Total interest and dividend income</b>	<u>4,343</u>	<u>4,299</u>
<b>INTEREST EXPENSE</b>		
Deposits	817	865
Federal Home Loan Bank advances	115	130
Other borrowings	<u>1</u>	<u>4</u>
<b>Total interest expense</b>	<u>933</u>	<u>999</u>
<b>NET INTEREST INCOME</b>	3,410	3,300
<b>PROVISION FOR LOAN LOSSES</b>	<u>150</u>	<u>-</u>
<b>Net interest income after provision for loan losses</b>	<u>3,260</u>	<u>3,300</u>
<b>NON-INTEREST INCOME:</b>		
Service charges on deposit accounts	148	136
Gain on sale of loans	84	59
Trust department income	16	24
Investments product sales	48	21
Net investment securities losses	(50)	(10)
Earnings on cash surrender value of life insurance	52	59
Other	<u>141</u>	<u>183</u>
<b>Total non-interest income</b>	<u>439</u>	<u>472</u>
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	1,361	1,365
Net occupancy and equipment expense	229	265
Data processing fees	132	131
State shares tax	96	89
FDIC insurance premiums	1	34
Other	<u>353</u>	<u>370</u>
<b>Total non-interest expense</b>	<u>2,172</u>	<u>2,254</u>
<b>INCOME BEFORE INCOME TAX PROVISION</b>	1,527	1,518
<b>INCOME TAX PROVISION</b>	<u>238</u>	<u>258</u>
<b>NET INCOME</b>	<u>\$ 1,289</u>	<u>\$ 1,260</u>

**PER SHARE DATA:**

Earnings per share	<u>\$ 0.69</u>	<u>\$ 0.67</u>
Ordinary Dividend per share	<u>\$ -</u>	<u>\$ -</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 and Chief Credit Officer  
Thomas E. Beck, CPA  
Senior Vice President and Chief Risk Officer  
Kris A. Ruhl  
Vice President – Commercial Sales  
William K. Greis  
Vice President – Commercial Sales  
Patti J. Zimmerman  
Vice President – Trust Services  
Lori J. Weber  
Vice President – Deposit Operations  
Mandi L. Ruhl  
Vice President – Branch Administration  
William J. Burd  
Vice President – Loan Operations  
Lisa K. Erickson  
Vice President – Human Resources and Assistant Secretary

**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)

**March 31, 2020  
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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