

**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, 2019.

Record first quarter net income, as reported for the three months ended March 31, 2019 was \$1,260,000 compared to \$1,220,000 for the same period in 2018, a 3.3% increase. Earnings per share were \$0.67 compared to \$0.65 during the same period in 2018. Return on average assets and return on average equity were 1.17% and 11.18% for the three months ended March 31, 2019 compared to 1.15% and 11.72% for the corresponding period of 2018.

Net interest income for the three months ended March 31, 2019 was \$3,300,000 compared to \$3,114,000 for the same period in 2018, a 6.0% increase. Net interest margin increased from 3.10% to 3.22% 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 3.86% as of March 31, 2018 to 4.20% as of March 31, 2019. Cost of funds increased from 0.93% as of March 31, 2018 to 1.20% as of March 31, 2019.

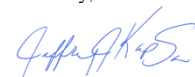
The provision for loan losses was not funded in the first quarter of 2019. The allowance for loan loss currently stands at 1.31% and 1.28% of gross loans as of March 31, 2018 and 2019, respectively.

Total non-operating income increased 20.7% over the prior year as result of a \$64,000 decrease in net realized/unrealized security losses. Total non-interest expense increased 12.1% over the prior year as result of additional salaries and benefits and occupancy expenses associated with the addition of the Selingsgrove branch in late 2018.

Total assets increased to \$444 million as of March 31, 2019 from \$432 million as of March 31, 2018, an increase of 2.9%. The increase in total assets is the result of an increase of securities of \$11.6 million, or 14.9%. To fund this asset growth, deposits increased \$7.8 million, or 2.3% and repurchase agreements increased \$4.7 million.

In the coming weeks you will be receiving a letter from Computershare, our new stock transfer agent and registrar. Utilizing Computershare will make our stock price and activity more transparent while allowing current and potential shareholders the ability to make transactions through the internet or telephone. This relationship will also permit brokers to hold our stock allowing for a wider network of market makers and should increase the liquidity of our stock. Computershare will also administer our dividend payments and the annual shareholder proxy.

Sincerely,



Jeffrey J. Kapsar
President and CEO

**Mifflinburg Bancorp, Inc. & Subsidiary
Consolidated Balance Sheet**

(unaudited)

(In Thousands, Except Per Share Data)	March 31,	
	2019	2018
ASSETS		
Cash and due from banks	\$ 5,911	\$ 4,771
Federal funds sold	<u>3,773</u>	<u>3,738</u>
Total cash and cash equivalents	<u>9,684</u>	<u>8,509</u>
Interest-bearing deposits in banks	21,285	18,720
Equity securities with readily determinable fair value	462	2,911
Debt securities available for sale	89,340	77,779
Loans held for sale	-	471
Loans	305,377	306,283
Allowance for loan losses	<u>(3,899)</u>	<u>(4,021)</u>
Loans, net	<u>301,478</u>	<u>302,262</u>
Premises and equipment	8,302	7,415
Accrued interest receivable	1,386	1,150
Cash surrender value of life insurance	10,522	10,282
Deferred income taxes	768	1,063
Other assets	<u>1,208</u>	<u>1,493</u>
TOTAL ASSETS	<u>\$444,435</u>	<u>\$432,055</u>
LIABILITIES		
Noninterest-bearing deposits	\$ 57,252	\$ 55,474
Interest bearing deposits	<u>285,647</u>	<u>279,585</u>
Total deposits	<u>342,899</u>	<u>335,059</u>
Securities sold under agreement to repurchase	21,395	16,741
Short term borrowings	6,204	8,792
Federal Home Loan Bank advances	22,087	24,769
Accrued interest payable	613	545
Other liabilities	<u>4,913</u>	<u>3,730</u>
Total Liabilities	<u>398,111</u>	<u>389,636</u>
SHAREHOLDERS' EQUITY		
Common stock, par value \$1.00;		
Authorized 5,000,000 shares; Issued		
2,160,000 shares; outstanding		
1,871,392 and 1,892,502	2,160	2,160
Capital surplus	1,779	1,730
Retained earnings	49,403	46,583
Accumulated other comprehensive income (loss)	164	(951)
Less: Treasury Stock at cost, 288,608		
and 287,498 shares	<u>(7,182)</u>	<u>(7,103)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>46,324</u>	<u>42,419</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$444,435</u>	<u>\$432,055</u>

PERFORMANCE RATIOS:

Return on average assets	<u>1.17%</u>	<u>1.15%</u>
Return on average shareholders' equity	<u>11.18%</u>	<u>11.72%</u>

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

(unaudited)

(In Thousands, Except Per Share Data)	For The Three months Ended March 31,	
	2019	2018
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	\$ 3,583	\$ 3,330
Interest-bearing deposits in bank	113	93
Federal funds sold	12	6
Securities:		
Taxable	235	92
Exempt from federal income tax	305	313
Dividends	<u>51</u>	<u>46</u>
Total interest and dividend income	<u>4,299</u>	<u>3,880</u>
INTEREST EXPENSE		
Deposits	865	620
Federal Home Loan Bank advances	130	141
Other borrowings	<u>4</u>	<u>5</u>
Total interest expense	<u>999</u>	<u>766</u>
NET INTEREST INCOME	3,300	3,114
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>75</u>
Net interest income after provision for loan losses	<u>3,300</u>	<u>3,039</u>
NON-INTEREST INCOME:		
Service charges on deposit accounts	136	135
Gain on sale of loans	59	62
Trust department income	24	39
Investments product sales	21	25
Net realized/unrealized securities losses	(10)	(74)
Earnings on cash surrender value of life insurance	59	59
Other	<u>183</u>	<u>145</u>
Total non-interest income	<u>472</u>	<u>391</u>
NON-INTEREST EXPENSE		
Salaries and employee benefits	1,365	1,230
Net occupancy and equipment expense	265	221
Data processing fees	131	119
State shares tax	89	88
FDIC insurance premiums	34	34
Other	<u>370</u>	<u>318</u>
Total non-interest expense	<u>2,254</u>	<u>2,010</u>
INCOME BEFORE INCOME TAX PROVISION	1,518	1,420
INCOME TAX PROVISION	<u>258</u>	<u>200</u>
NET INCOME	<u>\$ 1,260</u>	<u>\$ 1,220</u>

PER SHARE DATA:

Earnings per share	<u>\$ 0.67</u>	<u>\$ 0.65</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 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. Betz
Vice President – Deposit Operations
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

Selinsgrove Location
Route 522 and 18th Street
Phone: 570-374-2265

**March 31, 2019
QUARTERLY
REPORT**



MIFFLINBURG BANCORP, INC.

Visit our website at www.mbtc.com

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

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.