

Letter From The President**Dear Shareholder:**

We are pleased to present to you the financial condition of Mifflinburg Bancorp, Inc. and its subsidiaries through June 30, 2020.

Record net income, as reported for the six months ended June 30, 2020 was \$2,698,000 compared to \$2,571,000 for the same period in 2019, a 4.9% increase. Earnings per share were \$1.44 compared to \$1.37 during the same period in 2019. Return on average assets and return on average equity were 1.15% and 10.68% for the six months ended June 30, 2020 compared to 1.16% and 11.16% for the corresponding period of 2019.

Net interest income for the six months ended June 30, 2020 was \$6,952,000 compared to \$6,637,000 for the same period in 2019, a 4.7% increase. Net interest margin decreased from 3.21% to 3.14% 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 4.19% as of June 30, 2019 to 3.90% as of June 30, 2020. Cost of funds decreased from 1.22% as of June 30, 2019 to 0.98% as of June 30, 2020.

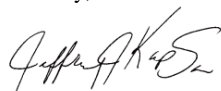
The provision for loan losses was funded \$225,000 year-to-date 2020 due to significant economic concerns resulting from the COVID-19 pandemic. The allowance for loan losses as a percentage of gross loans currently stands at 1.20 as of June 30, 2020 as compared 1.26% of June 30, 2019.

Total non-operating income decreased 0.3% over the prior year as a result of a \$43,000 decrease in trust department income. Total non-interest expense decreased 0.6% over the prior year resulting from decreased occupancy costs and reduced FDIC insurance premiums.

Total assets increased to \$499 million as of June 30, 2020 from \$445 million as of June 30, 2019, an increase of 12.2%. Loans increased by \$20.3 million from June 30, 2019 to June 30, 2020. The increase in loans is primarily the result of Payment Protection Program (PPP) loans made in the second quarter of 2020. In addition, cash and due from banks increased \$25.0 million from June 30, 2019 to June 30, 2020 due to a significant increase in customer's deposits. Total deposits increased \$50.0 million from June 30, 2019 to June 30, 2020 as a result of the PPP loans made and government stimulus received by customers due to the COVID-19 pandemic.

Mifflinburg Bank & Trust helped disburse over \$20 million in loans through the Federal Paycheck Protection Program to more than 200 local businesses. Additionally, we are working with our customers in this unprecedented time and demonstrating empathy to their individual financial situations in the spirit of a true community bank.

Sincerely,



Jeffrey J. Kapsar
President and CEO

Mifflinburg Bancorp, Inc. & Subsidiary
Consolidated Balance Sheet

(unaudited)

(In Thousands, Except Per Share Data)	June 30,	
	2020	2019
ASSETS		
Cash and due from banks	\$ 29,801	\$ 4,833
Federal funds sold	<u>8,304</u>	<u>-</u>
Total cash and cash equivalents	<u>38,105</u>	<u>4,833</u>
Interest-bearing deposits in banks	23,694	27,114
Equity securities with readily determinable fair value	407	432
Debt securities available for sale	88,118	84,325
Loans held for sale	373	-
Loans	330,986	310,688
Allowance for loan losses	<u>(3,984)</u>	<u>(3,909)</u>
Loans, net	<u>327,002</u>	<u>306,779</u>
Premises and equipment	8,159	8,229
Accrued interest receivable	1,450	1,351
Cash surrender value of life insurance	10,805	10,579
Deferred income taxes	377	613
Other assets	<u>938</u>	<u>1,011</u>
TOTAL ASSETS	<u>\$499,428</u>	<u>\$445,266</u>
LIABILITIES		
Noninterest-bearing deposits	\$ 84,493	\$ 55,938
Interest bearing deposits	<u>307,541</u>	<u>286,081</u>
Total deposits	<u>392,034</u>	<u>342,019</u>
Securities sold under agreement to repurchase	21,638	20,634
Short term borrowings	-	9,198
Federal Home Loan Bank advances	26,879	21,041
Accrued interest payable	731	679
Other liabilities	<u>6,879</u>	<u>4,356</u>
Total Liabilities	<u>448,161</u>	<u>397,927</u>
SHAREHOLDERS' EQUITY		
Common stock, par value \$1.00;		
Authorized 5,000,000 shares; Issued		
2,160,000 shares; outstanding		
1,871,220 and 1,871,392	2,160	2,160
Capital surplus	1,818	1,779
Retained earnings	52,536	49,778
Accumulated other comprehensive income	1,980	804
Less: Treasury Stock at cost, 288,780		
and 288,608 shares	<u>(7,227)</u>	<u>(7,182)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>51,267</u>	<u>47,339</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$499,428</u>	<u>\$445,266</u>

PERFORMANCE RATIOS:

Return on average assets	<u>1.15%</u>	<u>1.16%</u>
Return on average shareholders' equity	<u>10.68%</u>	<u>11.16%</u>

Mifflinburg Bancorp, Inc. & Subsidiary
Consolidated Statements of Income

(unaudited)

(In Thousands, Except Per Share Data)	For The Six months Ended	
	June 30,	
	2020	2019
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	\$ 7,252	\$ 7,211
Interest-bearing deposits in bank	301	245
Federal funds sold	7	50
Securities:		
Taxable	305	434
Exempt from federal income tax	681	629
Dividends	<u>79</u>	<u>94</u>
Total interest and dividend income	<u>8,625</u>	<u>8,663</u>
INTEREST EXPENSE		
Deposits	1,432	1,745
Federal Home Loan Bank advances	240	276
Other borrowings	<u>1</u>	<u>5</u>
Total interest expense	<u>1,673</u>	<u>2,026</u>
NET INTEREST INCOME	6,952	6,637
PROVISION FOR LOAN LOSSES	<u>225</u>	<u>-</u>
Net interest income after provision for loan losses	<u>6,727</u>	<u>6,637</u>
NON-INTEREST INCOME:		
Service charges on deposit accounts	222	261
Gain on sale of loans	254	121
Trust department income	16	59
Investments product sales	79	49
Net investment securities losses	(54)	(37)
Earnings on cash surrender value of life insurance	108	116
Other	<u>315</u>	<u>374</u>
Total non-interest income	<u>940</u>	<u>943</u>
NON-INTEREST EXPENSE		
Salaries and employee benefits	2,849	2,754
Net occupancy and equipment expense	460	500
Data processing fees	245	252
State shares tax	194	178
FDIC insurance premiums	33	63
Other	<u>700</u>	<u>759</u>
Total non-interest expense	<u>4,481</u>	<u>4,506</u>
INCOME BEFORE INCOME TAX PROVISION	3,186	3,074
INCOME TAX PROVISION	<u>488</u>	<u>503</u>
NET INCOME	<u>\$ 2,698</u>	<u>\$ 2,571</u>

PER SHARE DATA:

Earnings per share	<u>\$ 1.44</u>	<u>\$ 1.37</u>
Ordinary Dividend per share	<u>\$ 0.62</u>	<u>\$ 0.50</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
Lisa K. Erickson
Vice President of Human Resources
Kris A. Ruhl
Vice President – Commercial Sales
William K. Greis
Vice President – Commercial Sales
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 18th Street
Phone: 570-374-2265

Registrar and Transfer Agent:

Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202
www.computershare.com

**June 30, 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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