

MUNCY BANK FINANCIAL, INC.

MUNCY, PENNSYLVANIA

For the quarters ending September 30, 2009 and September 30, 2008

CONSOLIDATED BALANCE SHEET

<u>ASSETS:</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Cash and Due From Banks	\$2,438,421	\$2,789,274
Federal Funds Sold	0	0
Total Cash and Cash Equivalents	<u>\$2,438,421</u>	<u>\$2,789,274</u>
Interest Bearing Deposits with Banks	13,318	1,869,534
Investment Securities Available For Sale	33,121,641	31,824,707
Investment Securities Held to Maturity	1,921	2,636
Total Investments	<u>\$33,136,880</u>	<u>\$33,696,877</u>
Loans, Net of Unearned Income	194,220,143	171,202,169
Allowance for Loan Losses	(2,286,106)	(1,771,393)
Net Loans	<u>\$191,934,037</u>	<u>\$169,430,776</u>
Bank Premises and Equipment, Net	5,383,548	4,682,502
Accrued Interest Receivable	931,691	840,995
Other Assets	6,273,645	5,735,526
TOTAL ASSETS	<u><u>\$240,098,222</u></u>	<u><u>\$217,175,950</u></u>
 <u>LIABILITIES:</u>		
Interest Bearing Deposits	\$179,193,790	\$160,167,106
Noninterest Bearing Deposits	18,023,172	19,313,524
TOTAL DEPOSITS	<u>\$197,216,962</u>	<u>\$179,480,630</u>
Repurchase Agreements	4,875,451	2,404,418
Other Borrowings	12,654,353	12,615,870
Other Liabilities	2,538,616	1,920,782
TOTAL LIABILITIES	<u>\$217,285,382</u>	<u>\$196,421,700</u>
 <u>SHAREHOLDERS EQUITY:</u>		
Common Stock, Par Value \$.831/3; 1,813,342 Shares Authorized; 813,342 Shares Issued and Outstanding	\$677,785	\$677,785
Additional Paid in Capital	2,449,391	2,464,279
Retained Earnings	20,624,916	19,339,828
Net Unrealized Gain (Loss) on Available For Sale Securities	419,011	(174,431)
TOTAL	<u>\$24,171,103</u>	<u>\$22,307,461</u>
Less Treasury Stock - 69,000 Shares as of September 2009 and 74,974 Shares as of September 30, 2008 at cost	(1,358,263)	(1,553,211)
Total Shareholders Equity Net	<u>22,812,840</u>	<u>20,754,250</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$240,098,222</u></u>	<u><u>\$217,175,950</u></u>

THIS INTERIM STATEMENT IS SUBJECT TO YEAR-END AUDIT ADJUSTMENTS

CONSOLIDATED STATEMENT OF INCOME

<u>INTEREST INCOME:</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Interest and Fees on Loans	\$8,744,549	\$8,344,681
Interest and Dividends on Investments:		
Taxable	291,412	441,693
Exempt from Federal Income Taxes	620,980	519,571
Interest on Deposits with Banks	1,381	10,989
Interest on Federal Funds Sold	0	0
TOTAL INTEREST INCOME	<u>\$9,658,322</u>	<u>\$9,316,934</u>
 <u>INTEREST EXPENSE:</u>		
Interest on Deposits	\$3,324,629	\$3,490,597
Interest on Short Term Borrowings	18,606	200,131
Interest on Other Borrowings	304,588	286,879
TOTAL INTEREST EXPENSE	<u>\$3,647,823</u>	<u>\$3,977,607</u>
INTEREST INCOME, NET	<u>6,010,499</u>	<u>5,339,327</u>
Provision for Possible Losses	(400,000)	(290,000)
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	<u>\$5,610,499</u>	<u>\$5,049,327</u>
 <u>OTHER OPERATING INCOME:</u>		
Trust Department Income	\$74,500	\$93,500
Service Charges on Deposit Accounts	321,708	349,730
Other Service Charges and Fees	266,221	236,363
Securities Gains	19,819	16,486
Other Income	359,188	470,518
TOTAL OTHER OPERATING INCOME	<u>\$1,041,436</u>	<u>\$1,166,597</u>
 <u>OTHER OPERATING EXPENSES:</u>		
Salaries and Employee Benefits	\$2,475,328	\$2,315,906
Occupancy Expense, Net	291,055	256,238
Furniture and Equipment Expense	146,920	125,485
Other Expenses	1,228,044	1,081,688
TOTAL OTHER OPERATING EXPENSES	<u>\$4,141,347</u>	<u>\$3,779,317</u>
Income Before Provision for Income Taxes	\$2,510,588	\$2,436,607
Provision for Income Taxes	(538,053)	(517,282)
Net Income	<u><u>\$1,972,535</u></u>	<u><u>\$1,919,325</u></u>
 NET INCOME PER SHARE	<u>\$2.65</u>	<u>\$2.60</u>

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**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

OTHER COMPREHENSIVE INCOME NET OF TAX

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Unrealized Gains/(Losses) on Securities	190,579	(201,449)
Reclassification Adjustment	13,080	10,881
Other Comprehensive Income	<u>203,659</u>	<u>(190,568)</u>
COMPREHENSIVE INCOME	<u><u>\$2,176,194</u></u>	<u><u>\$1,728,757</u></u>

BOARD OF DIRECTORS

Todd M. Arthur	Gary M. Peck
Daniel C. Berninger	Robert M. Rabb
J. Howard Langdon	Bonnie M. Tompkins
Richard H. Lloyd	David E. Wallis
Harold E. Lowe	

HONORARY DIRECTORS

Pauline R. Montgomery	James L. Muffly
Arlene R. Opp	

THE MUNCY BANK AND TRUST COMPANY OFFICERS

Daniel C. Berninger, President & CEO
 Craig W. Kremser, Senior Vice President
 David Mayer, Sr. Vice President, Sales Division Manager
 Margarethe Aderhold, Vice President, Trust Dept. Manager
 Kathlene M. Bower, Vice President, Business Development
 Rhonda L. Gingery, Vice President, Cashier
 Esther A. Houseknecht, Asst. V. P., Senior Lending Officer
 Doris E. Swartz, Asst. VP, Electronic Banking, Security
 Karen J. Brandis, Corporate Secretary, Human Resource Mgr
 Brenda K. Bitler, Finance Control Manager
 Marcella A. Soverns, Compliance Officer
 Janet D. Schultz, Community Office Manager
 Kay B. Bussler, Community Office Manager
 Susan E. Tollackson, Community Office Manager
 Ruth L. Schneider, Community Office Manager
 Linda L. Reeser, Collections Manager
 Susan P. McConnell, Asst. Community Office Manager
 Krista R. Dyer, Asst. Community Office Manager
 Kimberly A. Feigles, Asst. Community Office Manager
 Heath D. Heiss, Asst. Community Office Manager
 Beth W. Schultz, Customer Service Officer
 Kathy K. Dincher, Customer Service Officer
 Phyllis R. Girven, Trust Operations Manager
 Steven N. Naylor, Registered Representative
 Robert S. Helmrich, Jr., Registered Representative
 Jo A. Langer, Muncy Head Teller
 Lisa R. Henninger, Hughesville Head Teller
 Molly K. Delany, Clarkstown Head Teller
 Nicole R. Stepp, Montoursville Head Teller
 Randi K. Fogleman, Vault Teller

MUNCY BANK FINANCIAL, INC. OFFICERS

Daniel C. Berninger, President & CEO
 Craig W. Kremser, Senior Vice President
 David Mayer, Senior Vice President
 Rhonda L. Gingery, Treasurer
 Karen J. Brandis, Secretary

**FULL TIME
EMPLOYEES**

Pamela D. Aderhold
 Deborah L. Akers
 Jacquelyn J. Blair
 Candice A. Brown
 Holly A. Clayton
 Beth A. Cooley
 D'Aracy D. Erb
 Jamie A. Fry
 Diane L. Jordan
 Sheila K. Karschner
 Susan M. Keller
 Michele L. Leidhecker
 Betsy J. Lepley
 Sandra E. Little
 Jamie M. Livermore
 Jane A. Miller
 Kirsten C. Minier
 Alicia M. Naugle
 Tammy J. Pennycoff
 Kathy A. Stauffer
 Luke G. Temple

**PART TIME
EMPLOYEES**

Linda S. Barto
 Janice C. Baumer
 Pamela J. Borek
 Helen B. Bowers
 Glenda E. Burgess
 Stephanie G. Carpenter
 Erin D. Confer
 Dorcas L. Fisher
 Cheryl J. Frantz
 Connie J. Kessler
 Krystle L. Pearson
 Michelle A. Rohrbach
 Tanya M. Sheets
 Ann E. Spega
 Vanessa L. VanKirk
 Jennifer E. Walter
 Michael J. Wallis
 Kimberly A. Wetherhold

OFFICES

MAIN OFFICE

Two North Main Street
 PO Box 179
 Muncy, PA 17756
 Phone (570) 546-2211

MUNCY DRIVE-THROUGH

319 South Main St.
 Muncy, PA. 17756
 Phone (570) 546-7462

HUGHESVILLE OFFICE

725 State Route 405
 Hughesville, PA 17737
 Phone (570) 584-5171

CLARKSTOWN OFFICE

Lowe's Plaza
 2175 State Route 442
 Clarkstown, PA 17756
 Phone (570) 546-2226

MONTOURSVILLE OFFICE

900 Loyalsock Avenue
 Montoursville, PA 17754
 Phone (570) 368-1234

DEWART OFFICE

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 Dewart, Pa 17730
 Phone (570) 538-2200

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Member F.D.I.C.

**CONSOLIDATED
STATEMENT
AS OF
September 30, 2009**