

MUNCY BANK FINANCIAL, INC.
MUNCY, PENNSYLVANIA
For the quarters ending June 30, 2009 and June 30, 2008

CONSOLIDATED BALANCE SHEET

<u>ASSETS:</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Cash and Due From Banks	\$1,935,887	\$2,939,488
Federal Funds Sold	0	0
Total Cash and Cash Equivalents	<u>\$1,935,887</u>	<u>\$2,939,488</u>
Interest Bearing Deposits with Banks	922,804	11,486
Investment Securities Available For Sale	32,117,487	32,090,717
Investment Securities Held to Maturity	2,141	2,822
Total Investments	<u>\$33,042,432</u>	<u>\$32,105,025</u>
Loans, Net of Unearned Income	184,650,173	167,142,821
Allowance for Loan Losses	<u>(2,138,686)</u>	<u>(1,650,853)</u>
Net Loans	<u>\$182,511,487</u>	<u>\$165,491,968</u>
Bank Premises and Equipment, Net	5,106,691	4,296,220
Accrued Interest Receivable	869,842	865,497
Other Assets	<u>5,815,917</u>	<u>5,554,807</u>
TOTAL ASSETS	<u><u>\$229,282,256</u></u>	<u><u>\$211,253,005</u></u>
 <u>LIABILITIES:</u>		
Interest Bearing Deposits	\$172,659,885	\$146,123,758
Noninterest Bearing Deposits	<u>17,901,892</u>	<u>17,916,039</u>
TOTAL DEPOSITS	<u>\$190,561,777</u>	<u>\$164,039,797</u>
Repurchase Agreements	2,544,592	2,599,545
Other Borrowings	11,964,742	22,628,235
Other Liabilities	<u>2,195,745</u>	<u>1,729,575</u>
TOTAL LIABILITIES	<u>\$207,266,856</u>	<u>\$190,997,152</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	2,446,450	2,466,024
Retained Earnings	20,095,497	18,895,095
Net Unrealized Gain (Loss) on Available For Sale Securities	204,017	(184,819)
TOTAL	<u>\$23,423,749</u>	<u>\$21,854,085</u>
Less Treasury Stock - 70,807 Shares as of June 2009 and 76,370 Shares as of June 2008 at cost	<u>(1,408,349)</u>	<u>(1,598,232)</u>
Total Shareholders Equity Net	<u>22,015,400</u>	<u>20,255,853</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$229,282,256</u></u>	<u><u>\$211,253,005</u></u>

THIS INTERIM STATEMENT IS SUBJECT TO YEAR-END AUDIT ADJUSTMENTS

CONSOLIDATED STATEMENT OF INCOME

<u>INTEREST INCOME:</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Interest and Fees on Loans	\$5,714,314	\$5,476,950
Interest and Dividends on Investments:		
Taxable	208,707	289,267
Exempt from Federal Income Taxes	404,488	346,705
Interest on Deposits with Banks	924	330
Interest on Federal Funds Sold	<u>0</u>	<u>0</u>
TOTAL INTEREST INCOME	<u>\$6,328,433</u>	<u>\$6,113,252</u>
 <u>INTEREST EXPENSE:</u>		
Interest on Deposits	\$2,261,764	\$2,283,997
Interest on Short Term Borrowings	10,344	175,375
Interest on Other Borrowings	<u>202,887</u>	<u>176,953</u>
TOTAL INTEREST EXPENSE	<u>\$2,474,995</u>	<u>\$2,636,325</u>
INTEREST INCOME, NET	<u>3,853,438</u>	<u>3,476,927</u>
Provision for Possible Losses	(250,000)	(160,000)
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	<u>\$3,603,438</u>	<u>\$3,316,927</u>
 <u>OTHER OPERATING INCOME:</u>		
Trust Department Income	\$50,000	\$65,500
Service Charges on Deposit Accounts	206,347	241,707
Other Service Charges and Fees	175,496	152,074
Securities Gains	18,747	14,668
Other Income	<u>205,415</u>	<u>273,711</u>
TOTAL OTHER OPERATING INCOME	<u>\$656,005</u>	<u>\$747,660</u>
 <u>OTHER OPERATING EXPENSES:</u>		
Salaries and Employee Benefits	\$1,616,619	\$1,494,534
Occupancy Expense, Net	200,828	169,176
Furniture and Equipment Expense	92,735	84,086
Other Expenses	788,010	709,346
TOTAL OTHER OPERATING EXPENSES	<u>\$2,698,192</u>	<u>\$2,457,142</u>
Income Before Provision for Income Taxes	\$1,561,251	\$1,607,445
Provision for Income Taxes	<u>(333,994)</u>	<u>(339,606)</u>
Net Income	<u><u>\$1,227,257</u></u>	<u><u>\$1,267,839</u></u>
 NET INCOME PER SHARE	<u>\$1.65</u>	<u>\$1.66</u>

CONTINUED

CONTINUED

THIS INTERIM STATEMENT IS SUBJECT TO YEAR-END AUDIT ADJUSTMENTS

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

OTHER COMPREHENSIVE INCOME NET OF TAX

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Unrealized Gains/(Losses) on Securities	(24,415)	(211,837)
Reclassification Adjustment	12,373	9,680
Other Comprehensive Income	<u>(12,042)</u>	<u>(202,156)</u>
COMPREHENSIVE INCOME	<u><u>\$1,215,215</u></u>	<u><u>\$1,065,683</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
 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. Helmrch, 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

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
 Alicia M. Klopp
 Michele L. Leidhecker
 Betsy J. Lepley
 Sandra E. Little
 Jamie M. Livermore
 Jane A. Miller
 Kirsten C. Minier
 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
 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

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

MUNCY DRIVE-THROUGH

319 South Main St.
 Muncy, PA. 17756

www.muncybank.com

toll free (877) 243-8919

24 Hour Telephone Access Banking

(570) 546-9221 or toll free (877) 243-8916



Member F.D.I.C.

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