MUNCY BANK FINANCIAL INC.

Founded 1893

118 Years of Hometown Banking

2011 Annual Report

Our Mission

This Corporation was established as a "Hometown Bank" to provide a profit and to furnish the financial needs of its community, its people, and its businesses. We are in the financial services business, and no line of financial services under the law is beyond our charter as long as we are serving needs of businesses and families of our community.

The primary mission of this Bank is to maximize earnings for its shareholders. We want to maximize earnings over the long term; however, we will sacrifice short-term earnings for higher future profits when it is feasible.

The Bank's most important assets are our customers and employees. Our products are designed to meet the needs of customers, our hours are set to meet the needs of customers and our employees are hired to meet the needs of our customers. High quality customer service is the true mission of this bank.

Without dedicated and responsible employees, it would be impossible for the Bank to be a responsible citizen of the community or to render the high quality service our customers deserve. This Bank is and will be a responsible employer. All Bank employees will be treated with dignity and respect. All will be given equal opportunity and a fair wage regardless of race, color, sex, or the presence of a protected disability.

This Bank takes its citizenship duties seriously as a responsible citizen and a business leader of our community. We will not knowingly take actions that are adverse to the best interest of our community, its businesses (including those in deprived neighborhoods), or its families (low income families).

Dear Shareholders,

The year 2011 marked your company's 118th year of continuous hometown banking. It can be remembered as a year of continuous challenges for the banking industry. Banks of all sizes began to feel the impact of the Dodd-Frank Act (DFA), which was enacted the prior year. The DFA brought about heightened regulatory scrutiny as well as increased compliance and regulatory costs. Consumers and lawmakers were at odds with the banking industry, particularly the larger banks, for attempting to offset additional compliance costs with new fees as seen through the "Occupy Wall Street protests". Many banks continued to experience low loan demand, and with a low interest rate environment, (which the Fed recently said will continue through late 2014), will make it difficult for banks to increase their interest margins and maintain their income levels.

In spite of the huge regulatory and economic burdens placed on the banking industry during 2011, I am very pleased to report that Muncy Bank Financial, Inc and its wholly owned subsidiary, The Muncy Bank and Trust Company met those challenges with unprecedented growth.

Net income increased 40.58% or $1,246,285 from the prior year. Actual net earnings were $4,317,229 or $5.68 per share*. In comparison, 2010 earnings, which were a previous record, were $3,070,944 or $4.09 per share. Our return on average assets (ROAA) increased from 1.13% in 2010 to 1.48% in 2011, and continues to exceed Pennsylvania's commercial banking averages of .85%.

Shareholders' equity increased 19.12% or $4,811,629 totaling $29,973,729. Our return on average equity (ROAE) increased to 16.35% from 13.16% in 2010. Pennsylvania's commercial banking (ROAE) averages for the same period totaled 8.6%. Muncy Bank Financial, Inc increased dividends 10.74% from $1.21 per share* in 2010 to $1.34 per share* in 2011. (* prior to adjustment for 2-for-1 stock split)

While many of our Pennsylvania peer banking institutions experienced little or no loan growth during 2011, we continued to experience solid loan growth. Our loan portfolio increased $12,919,349 or 6% from $215,356,274 in 2010 to $228,275,623 in 2011. We continue to maintain a quality loan portfolio as our overall loan delinquency on December 31, 2011 was .809% of our total loans outstanding. Pennsylvania banks averaged 1.83% or more than two times our percentage of past due loans for the same period. We have continued to increase our allowance for loan loss, which stands at $3,469,360 on December 31, 2011 from $2,836,701 the prior year. This total represents 1.50% of our outstanding loan portfolio, and is our highest reserve balance in our bank's history. This increase is partly due to the continued economic down turn experienced throughout much of the Commonwealth, but also due to the growth of our loan portfolio in the last few years. To help our lenders better understand the financial condition of our largest credit customers, we added Jason Fischer to our staff as a Credit Analyst. Jason will monitor and analyze these credits on an ongoing basis to help ensure our ability to make more educated and informed credit decisions going forward.

Deposits increased $12,923,704 or 5.32% and total $255,841,141. We also achieved a milestone as assets exceeded $300,000,000 during 2011. Assets actually grew by $10,663,361 or 3.69% ending the year at $300,002,716. We have experienced more than $100,000,000 in asset growth in less than four years.

At a time when bank stocks in general were down 24% for the year, and the S & P 500 was flat, your investment in Muncy Bank Financial, Inc common stock continued to appreciate in market value. In fact, your market value increased by approximately 49% as Muncy Bank Financial, Inc common stock increased from approximately $40.00 per share on December 31, 2010 to approximately $59.50 per share on December 31, 2011.

In the last two years, our stock value has increased in excess of 105% since December 31, 2009 when our market value was approximately $29.00 per share. With this rise in market value, our Board of Directors approved a 2-for-1 stock split on January 10, 2012. The stock split will be to shareholders of record January 31, 2012 and be effective February 15, 2012. We believe that the stock split will enhance our shareholder value in the future by making stock purchases affordable to future investors.

I am pleased to report on several promotions that occurred during 2011. Marcella Soverns was promoted to Vice President, Compliance Manager; Brenda Bitler, Assistant Vice President, Finance Control Manager; Krista Dyer, Hughesville Community Office Manager; Kimberly Feigles, Dewart Community Office Manager; Kathy Dincher, Montoursville Assistant Community Office Manager, and Kimberly Wetherhold, Assistant Corporate Secretary. These individuals have many years of banking experience and will help to continue our corporate success in the years to come.

Our commitment to the communities we serve is reinforced year after year by our support both monetarily as an institution, and through our employees' involvement. Both civic and charitable organizations locally have benefited because of The Muncy Bank and Trust Company's involvement. This past year our bank was approved for a two-year pledge under the Educational Improvement Tax Credit (EITC) to give a total of $222,000 to five area school districts. They are Muncy, East Lycoming, Montgomery, Montoursville, and Warrior Run school districts. Each district will receive $44,400, which will help augment educational programs that have been eliminated or severely reduced due to Pennsylvania's state budget cuts.

This past September, north central Pennsylvania was hit hard by heavy rains and flooding. In response, we offered low interest rate loans to those affected, and made two contributions of $35,000 each to the Lycoming County Chapters of the Salvation Army and the American Red Cross, and $10,000 to the Son Light House in Muncy to provide food and clothing. Additionally, our employees continued to support more than 7,600 hours volunteering their time and expertise in helping those less fortunate in our communities.

I am pleased to announce that Muncy Bank Financial, Inc has been ranked 46th on the "Top 200 Community Banks List" in the United States as published by *U S Banker* magazine in its June 2011 issue. The list includes all banks and thrifts with less than $2 billion in assets as of December 31, 2010. Additionally, the "Top 200 Community Banks List" ranks institutions based on a three-year average return on equity (ROAE) for the years ending 2008, 2009, and 2010. The bank has improved its ranking from the June 2009 issue at 190th place to 72nd place in June 2010. It is estimated that 96% of the nation's 8,000 banks have assets less than $2 billion today.

I am also pleased to report that The Muncy Bank and Trust Company again received the "Exceptional Performance Award" from Bauer Financial, Inc, Coral Gables, Florida. The Five-Star Superior rating is based on the overall financial condition of the bank in terms of strength and stability. The Five-Star rating is the highest rating attainable as less than 5% of the nation's banks can claim this highest distinction.

In conclusion, a root beer vendor in Washington DC in 1927 once said, "*Good timber does not grow with ease. The stronger the wind, the stronger the trees.*" That vendor was J.W. Marriott who became the founder of the Marriott Corporation. At his death in 1985 the Marriott Corporation operated 1,400 restaurants, 143 hotels, and employed 154,600 people. Just like Mr. Marriott, the last several years have been a difficult and turbulent time for the banking industry. But through it all, The Muncy Bank and Trust Company has continued to grow, prosper, and succeed, while becoming one of the strongest banking organizations in the country.

Our success is certainly not typical for our industry today, and our results could not be accomplished without the tremendous contributions from our officers, directors, and employees. It is through their efforts that we can continue our proud tradition of true community banking. It is our hope that as a shareholder, you will continue to promote and patronize your bank. We are truly excited about our future and look forward to continuing to build your investment in our "Hometown Bank".

Thank you for your continued support and confidence.

Respectfully,

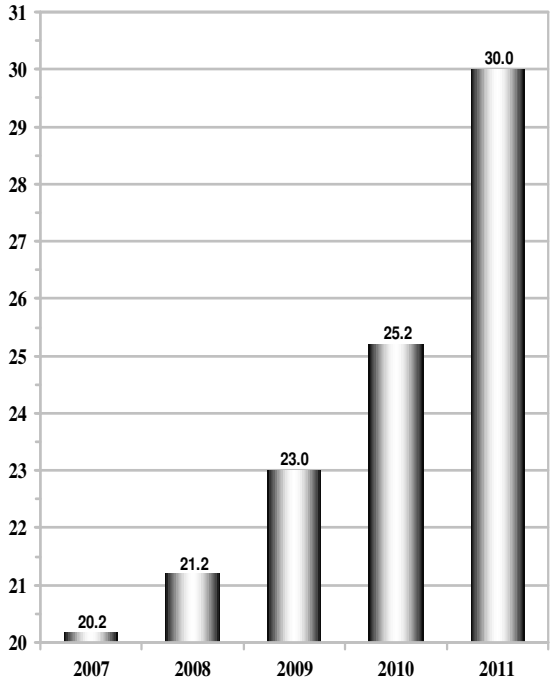
Daniel C. Berninger

President and Chief Executive Officer

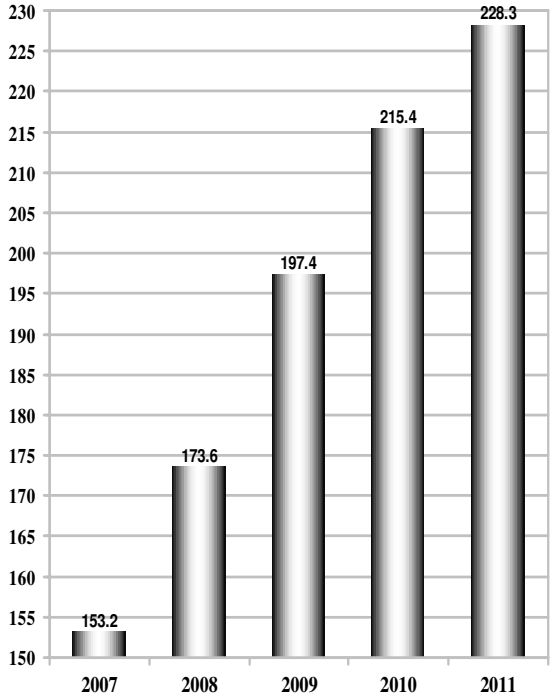
FIVE YEAR FINANCIAL HIGHLIGHTS

(In Millions)

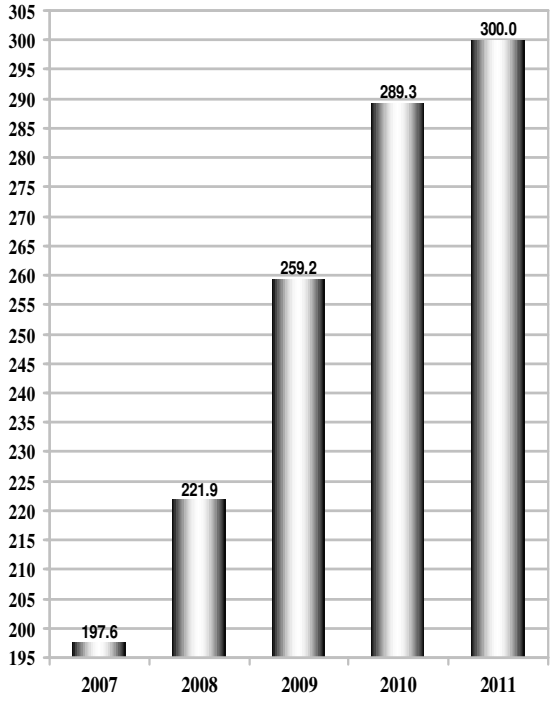
SHAREHOLDERS EQUITY



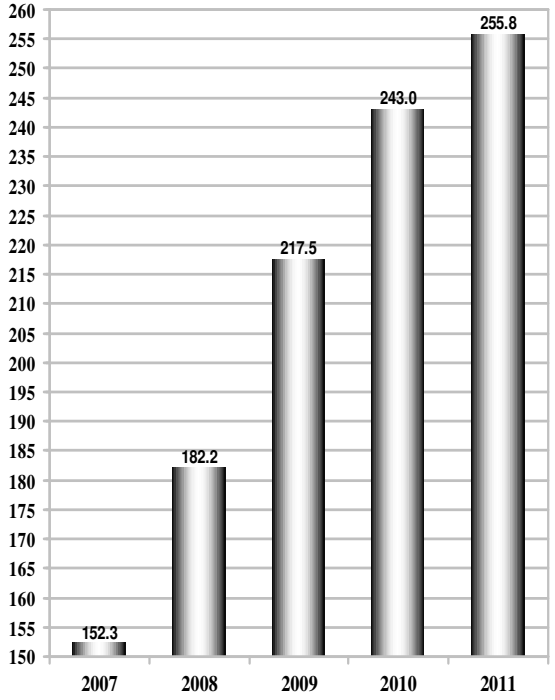
TOTAL LOANS



ASSETS



DEPOSITS



	2011	2010	2009	2008	2007
Net Income	$4,317,229	$3,070,944	$2,550,784	$2,305,859	$2,051,818
Earnings Per Share	$5.68*	$4.09*	$3.43*	$3.09*	$2.72*
Return on Average Assets	1.48%	1.13%	1.09%	1.10%	1.09%
Dividends Paid Per Share	$1.34*	$1.21*	$1.15*	$1.10*	$1.01*

**prior to adjustment for 2-for-1 stock split*

MUNCY BANK FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Cash and due from banks	$ 4,836,679	$ 3,043,985
Federal funds sold	3,000,000	3,000,000
Total cash and cash equivalents	7,836,679	6,043,985
Interest-bearing deposits with banks	4,095,385	11,974,305
Available-for-sale securities	43,366,229	42,440,998
Held-to-maturity securities	961	1,213
Loans, net	228,275,623	215,356,274
Bank premises and equipment, net	5,285,015	5,451,016
Accrued interest receivable	1,072,017	1,041,669
Other real estate	81,155	338,858
Cash surrender value of life insurance	7,111,105	4,598,269
Other assets	2,878,547	2,092,768
TOTAL ASSETS	$ 300,002,716	$ 289,339,355
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Interest-bearing deposits	$ 226,397,044	$ 219,528,592
Noninterest-bearing deposits	29,444,097	23,388,845
Total deposits	255,841,141	242,917,437
Borrowed funds	11,069,001	19,514,319
Accrued interest payable	386,311	548,714
Other liabilities	2,732,534	1,196,785
Total liabilities	270,028,987	264,177,255
SHAREHOLDERS' EQUITY:		
Common stock, par value $.41 2/3 per share; 3,626,684 shares authorized, 1,626,684 shares issued	677,785	677,785
Additional paid-in capital	2,563,312	2,459,271
Retained earnings	26,447,746	23,148,962
Accumulated other comprehensive income (loss)	1,038,328	(90,086)
Total	30,727,171	26,195,932
Less treasury stock, 99,896 shares in 2011 and 117,142 shares in 2010, at cost	753,442	1,033,832
Shareholders' equity, net	29,973,729	25,162,100
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 300,002,716	$ 289,339,355

See Notes to Consolidated Financial Statements

MUNCY BANK FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
INTEREST INCOME:		
Interest and fees on loans	$ 13,654,696	$ 12,877,411
Interest and dividends on investments:		
Taxable	385,441	274,830
Exempt from federal income tax	1,342,768	1,062,592
Interest on deposits with banks	4,465	11,290
Interest on federal funds sold	5,153	3,792
Total interest income	15,392,523	14,229,915
INTEREST EXPENSE:		
Interest on deposits	2,751,024	3,614,106
Interest on other borrowings	117,815	42,981
Interest on short-term borrowings	44,151	361,642
Total interest expense	2,912,990	4,018,729
NET INTEREST INCOME	12,479,533	10,211,186
PROVISION FOR LOAN LOSSES	825,000	665,109
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,654,533	9,546,077
OTHER OPERATING INCOME:		
Service charges on deposit accounts	837,579	742,011
Investment services income	342,647	375,450
Trust department income	141,000	138,000
Other service charges and fees	119,068	137,365
Other operating income	40,497	34,793
Investment securities gains, net	4,073	7,522
Gain (loss) on sale of other real estate	6,802	(43,327)
Loss on disposal of assets		(26,716)
Total other operating income	1,491,666	1,365,098
OTHER OPERATING EXPENSES:		
Salaries and employee benefits	4,444,626	4,034,257
Occupancy expense, net	441,978	433,709
Furniture and equipment expense	254,433	245,068
Other operating expenses	1,717,604	1,679,228
Data processing expense	334,392	308,176
Pennsylvania shares tax	236,535	221,183
Total other operating expenses	7,429,568	6,921,621
INCOME BEFORE PROVISION FOR INCOME TAXES	5,716,631	3,989,554
PROVISION FOR INCOME TAXES	1,399,402	918,610
NET INCOME	$ 4,317,229	$ 3,070,944
BASIC EARNINGS PER SHARE	$ 2.84	$ 2.04

See Notes to Consolidated Financial Statements

MUNCY BANK FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK	TOTAL SHAREHOLDERS' EQUITY, NET
Balance, December 31, 2009	$ 677,785	$ 2,451,331	$ 20,986,931	$ 180,538	$ (1,272,258)	$ 23,024,327
Comprehensive income:						
Net income			3,070,944			3,070,944
Change in net unrealized (loss) gain on available-for-sale securities, net of tax of $139,410				(270,624)		(270,624)
Total comprehensive income						2,800,320
Sale of treasury stock (21,786 shares)		7,940			336,916	344,856
Purchase of treasury stock (7,000 shares)					(98,490)	(98,490)
Cash dividends declared, $0.605 per share			(908,913)			(908,913)
Balance, December 31, 2010	677,785	2,459,271	23,148,962	(90,086)	(1,033,832)	25,162,100
Comprehensive income:						
Net income			4,317,229			4,317,229
Change in net unrealized (loss) gain on available-for-sale securities, net of tax of $581,304				1,128,414		1,128,414
Total comprehensive income						5,445,643
Sale of treasury stock (23,446 shares)		104,041			401,290	505,331
Purchase of treasury stock (6,200 shares)					(120,900)	(120,900)
Cash dividends declared, $0.67 per share			(1,018,445)			(1,018,445)
Balance, December 31, 2011	$ 677,785	$ 2,563,312	$ 26,447,746	$ 1,038,328	$ (753,442)	$ 29,973,729

See Notes to Consolidated Financial Statements

MUNCY BANK FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,317,229	$ 3,070,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	257,158	251,523
Provision for loan losses	825,000	665,109
Amortization and accretion of investment securities	37,163	36,214
Investment securities gains	(4,073)	(7,522)
(Gain) loss on sale of other real estate	(6,802)	43,327
Loss on disposal of assets		26,716
Deferred taxes	(343,732)	(354,994)
Increase in cash surrender value of life insurance	(2,512,836)	(163,517)
Change in:		
Accrued interest receivable and other assets	(235,069)	235,196
Accrued interest payable and other liabilities	554,716	127,074
Net cash provided by operating activities	2,888,754	3,930,070
CASH FLOWS FROM INVESTING ACTIVITIES:		
Available-for-sale securities:		
Proceeds from sales	438,762	225,775
Proceeds from repayment and maturities	13,602,619	17,895,499
Purchases of securities	(13,289,984)	(30,410,202)
Held-to-maturity securities,		
Proceeds from repayment and maturities	252	533
Net increase in loans	(14,120,353)	(19,048,917)
Net decrease in interest-bearing deposits with banks	7,878,920	2,555,952
Acquisition of bank premises and equipment	(91,157)	(101,333)
Proceeds from sale of other real estate	640,509	608,766
Net cash used by investing activities	(4,940,432)	(28,273,927)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in noninterest-bearing demand, savings and other deposit accounts	22,345,682	19,652,765
Net (decrease) increase in certificates of deposit	(9,421,978)	5,739,861
Increase (decrease) in short-term borrowings	356,434	(1,139,691)
Proceeds from long-term borrowings	2,650,000	4,000,000
Repayment of long-term borrowings	(11,451,752)	(251,644)
Dividends paid	(1,018,445)	(908,913)
Proceeds from sale of treasury stock	505,331	344,856
Purchase of treasury stock	(120,900)	(98,490)
Net cash provided by financing activities	3,844,372	27,338,744
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,792,694	2,994,887
CASH AND CASH EQUIVALENTS, BEGINNING	6,043,985	3,049,098
CASH AND CASH EQUIVALENTS, ENDING	$ 7,836,679	$ 6,043,985
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 3,075,393	$ 4,223,731
Income taxes paid	$ 1,895,521	$ 1,227,009
Total increase (decrease) in unrealized gain/loss on available-for-sale securities	$ 1,709,718	$ (410,034)
Loans transferred to other real estate during the year	$ 376,004	$ 418,858

See Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Muncy Bank Financial, Inc. (Company) is a Pennsylvania corporation organized as the holding company of The Muncy Bank & Trust Company (Bank). The Bank is a state chartered commercial bank located in Muncy, Pennsylvania, whose principal sources of revenues are derived from its commercial, mortgage, residential real estate, and consumer loan financing as well as providing deposit, investment and trust services to its customers serviced by its five community banking offices.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, the Bank. All significant intercompany balances and transactions have been eliminated.

Segment Reporting

Public business enterprises must report financial and descriptive information about their reportable operating segments. The Company has determined that its only reportable segment is community banking.

Investment Securities

Held-to-maturity securities include debt securities that the Company has the positive intent and ability to hold to maturity. These securities are reported at amortized cost.

Available-for-sale securities include debt and restricted equity securities not classified as held-to-maturity and expected to be held for an indefinite period of time. Such securities, except for restricted equity securities, are reported at fair value, with unrealized holding gains and losses excluded from earnings and reported as a separate component of shareholders' equity, net of related federal income tax. The restricted equity securities consist of common stock of the Federal Home Loan Bank and Atlantic Central Bankers' Bank which are carried at cost.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The cost of investment debt securities is adjusted for amortization of premiums and accretion of discounts, computed by a method that approximates the effective interest method. Realized gains and losses on sales of investment securities represent the differences between net proceeds and carrying values determined by the specific identification method.

Loans

Loans are stated at unpaid principal balance, net of unearned income, unamortized deferred loan fees and costs, and an allowance for loan losses. Interest on fixed rate real estate loans and most business loans is accrued on the principal balance using a 360-day year. Interest on other loans is accrued over the term of each loan generally using the simple interest method based on a 365-day year. The Company recognizes nonrefundable loan origination fees and certain direct loan origination costs over the life of the related loans as an adjustment of loan yield using the interest method.

Continued

A loan is considered past due when a required payment is not received by the scheduled due date and is considered delinquent when it is 30 days or more past due. Loans are placed on nonaccrual status when principal or interest is past due 90 days or more and the collection of interest is doubtful except for residential mortgage loans secured by 1-4 family dwellings until it is established that funds are not available for repayment. Interest accrued but not collected as of the date of placement on nonaccrual status is reversed and charged against current income. Interest income on nonaccrual loans is recognized only to the extent of interest payments received. Loans are returned to the accrual status when factors indicating doubtful collectibility cease to exist.

The Company considers a loan to be impaired, based upon current information and events, if it is probable that the Company will be unable to collect the scheduled payments of principal or interest according to the contractual terms of the loan agreement. The Company individually evaluates such loans for impairment. Factors considered by management in determining impairment include payment status and collateral value. The measurement of impaired loans is based on the present value of expected future cash flows discounted at the historical effective interest rate, except that all collateral-dependent loans are measured for impairment based on the fair value of the collateral. The Company does not accrue interest on certain impaired loans. While a loan is considered impaired, subsequent cash payments received either are applied to the outstanding principal balance or recorded as interest income, depending upon management's assessment of the ultimate collectibility of principal and interest. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosure, unless such loans are the subject of a restructuring agreement.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when a loan is past due 120 days or more with the exception of loans secured by real estate and sufficient equity exists to satisfy the debt. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of their ability to collect loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may effect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as doubtful, substandard, or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Troubled Debt Restructurings

Loans are classified as a troubled debt restructuring if the Company has granted a concession to a borrower for economic or legal reasons related to a borrower's financial difficulties. Modified terms may include interest rate reductions, extension of payment terms, principal forgiveness, or other actions intended to minimize the Company's loss and to avoid foreclosure or repossession of collateral. In cases where loan terms are modified, the Company measures impairment related to the restructuring and a separate reserve of the allowance for loan losses may be necessary.

Continued

Other Real Estate

Other real estate acquired through foreclosure or other means is recorded at the lower of its carrying value or fair value of the property at the transfer date, less estimated selling costs. Costs to maintain other real estate are expensed as incurred.

Bank Premises and Equipment

Bank premises and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Repair and maintenance expenditures which extend the useful life of an asset are capitalized and other repair expenditures are expensed as incurred. When premises or equipment are retired or sold, the remaining cost and accumulated depreciation are removed from the accounts and any gain or loss is credited or charged to income.

Leasing

The Company is the lessor of land and buildings under various month-to-month operating leases.

Income Taxes

The Company and Bank file a consolidated federal income tax return. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Per Share Data

Net income per share of common stock has been computed on the basis of the weighted-average number of shares of common stock outstanding during the period. The number of common shares used in computing basic earnings per share and dividends per share was 1,518,836 in 2011 and 1,502,960 in 2010. See Note 17.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from estimated amounts.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Continued

Mortgage Banking Activity

The Company originates certain loans for the express purpose of selling such loans in the secondary market. The Company maintains all servicing rights for these loans. At December 31, 2011 and 2010, the Company serviced loans for the benefit of others totaling $11,641,726 and $10,554,913, respectively. Mortgage servicing rights should be recognized as separate assets upon sale of the loans and amortized over the estimated life of the loan serviced. The Company has not recorded the asset and records the fees as revenue when received because the results are not materially different. The Company recognized mortgage servicing fees of approximately $116,000 and $130,000 during the years ended December 31, 2011 and 2010, respectively.

Cash Flows

The Company utilizes the net reporting of cash receipts and cash payments for certain deposit and lending activities. The Company considers cash, amounts due from banks and federal funds sold as cash equivalents, all of which mature within 90 days. Generally, federal funds are purchased and sold for one-day periods.

Recent Accounting Standards

In April 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-02, *Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*. ASU 2011-12 clarifies the guidance on a creditor's evaluation of whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for purposes of determining whether a restructuring constitutes a troubled debt restructuring. The amendments clarify that a creditor is precluded from using the effective interest rate test in the debtor's guidance on restructuring of payables when evaluating whether a restructuring constitutes a troubled debt restructuring. For nonpublic entities, the amendments in this ASU are effective for annual periods ending on or after December 15, 2012. This ASU is not expected to have a material effect on the Company's consolidated financial statements.

In April 2011, FASB issued ASU 2011-03 (Update), *Transfers and Services (Topic 860): Reconsideration of Effective Control for Repurchase Agreements*. The main objective in developing this Update is to improve the accounting for repurchase agreements (repos) and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The amendments in this Update remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The guidance in this Update is effective for the first interim or annual period beginning on or after December 15, 2011 and should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The Company is currently evaluating the impact the adoption of the ASU will have on the Company's financial position and results of operations.

In May 2011, FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* The amendments in this Update result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments in this Update are to be applied prospectively. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2011. This ASU is not expected to have a material effect on the Company's financial statements.

In June 2011, FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income.* The amendments in this Update allows an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but

Continued

consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This Update eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The amendments in this Update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this Update should be applied retrospectively. For nonpublic entities, the amendments are effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. This ASU is not expected to have a material effect on the Company's financial statements.

In September 2011, FASB issued ASU 2011-08, *Intangibles – Goodwill and Other Topics (Topic 350): Testing Goodwill for Impairment*. The objective of this Update is to simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the Update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Under the amendments in this Update, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The amendments in this Update apply to all entities, both public and nonpublic, that have goodwill reported in their financial statements and are effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. This ASU is not expected to have a material effect on the Company's financial statements.

In December 2011, FASB issued ASU 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. In order to defer only those changes in Update 2011-05 that relate to the presentation of reclassification adjustments, the paragraphs in this Update supersede certain pending paragraphs in Update 2011-05. Entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before Update 2011-05. All other requirements in Update 2011-05 are not affected by this Update, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Nonpublic entities should begin applying these requirements for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. This ASU is not expected to have a material effect on the Company's financial statements.

Trust Assets and Income

Assets held by the Company in a fiduciary or agency capacity for its customers are not included in the consolidated financial statements since such items are not assets of the Company. Trust income is reported on the cash basis, which is not materially different from the accrual basis.

Treasury Stock

The purchase of the Company's common stock is recorded at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of the stock on a specific identification method.

2. RESTRICTIONS ON CASH AND DUE FROM BANK ACCOUNTS:

Banks are required to maintain reserves, in the form of cash balances with the Federal Reserve Bank, against their deposit liabilities. The amount of such reserves at December 31, 2011 and 2010 was approximately $923,000 and $992,000, respectively.

Deposits with any one financial institution are insured up to $250,000. The Company maintains cash and cash equivalents with certain financial institutions in excess of federally insured limits.

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3. COMPREHENSIVE INCOME:

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheets, such items, along with net income, are components of comprehensive income.

	2011	2010
Components of other comprehensive income:		
Unrealized holding gains (losses) on available-for-sale securities arising during the year	$1,713,791	$(402,512)
Reclassification adjustment for realized gain included in net income	(4,073)	(7,522)
Subtotal	1,709,718	(410,034)
Less tax effect	581,304	139,410
Total	$1,128,414	$(270,624)

4. INVESTMENT SECURITIES:

The amortized cost and estimated fair value of investment securities are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2011:				
Held-to-Maturity Securities,				
Residential mortgage-backed securities	$ 1	$	$	$ 1
Available-for-Sale Securities:				
Obligations of U.S. government corporations and agencies	$ 3,250	$ 7	$ 1	$ 3,257
Obligations of state and political subdivisions	28,745	1,201		29,945
Residential mortgage-backed securities	8,059	377		8,436
Corporate securities	500	1	12	489
Total debt securities	40,554	1,586	13	42,127
Restricted equity securities	1,239			1,239
Total available-for-sale securities	$41,793	$1,586	$ 13	$43,366
December 31, 2010:				
Held-to-Maturity Securities,				
Residential mortgage-backed securities	$ 1	$	$	$ 1
Available-for-Sale Securities:				
Obligations of U.S. government corporations and agencies	$ 6,253	$ 10	$ 43	$ 6,220
Obligations of state and political subdivisions	28,103	192	352	27,943
Residential mortgage-backed securities	6,214	83	30	6,267
Corporate securities	500	7	3	504
Total debt securities	41,070	292	428	40,934
Restricted equity securities	1,507			1,507
Total available-for-sale securities	$42,577	$ 292	$428	$42,441

The amortized cost and estimated fair value of debt securities at December 31, 2011 by contractual maturity, are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or repayment penalties.

Continued

	Amortized Cost	Estimated Fair Value
Held-to-Maturity Securities,		
Residential mortgage-backed securities	$ 1	$ 1
Available-for-Sale Securities:		
Due within 1 year	$ 351	$ 354
Due after 1 year through 5 years	3,763	3,787
Due after 5 years through 10 years	14,593	15,265
Due after 10 years	13,788	14,285
Total	32,495	33,691
Residential mortgage-backed securities	8,059	8,436
Total debt securities	$40,554	$42,127

Investment securities with a carrying value of approximately $29,673,000 and $25,610,000 at December 31, 2011 and 2010, respectively, were pledged to secure public and trust funds, certain other deposits and for other purposes as provided by law.

During 2011 and 2010, no held-to-maturity securities were called. No gains or losses were recognized in 2011 and 2010.

During 2011 and 2010, available-for-sale securities were sold resulting in proceeds of approximately $439,000 and $226,000, respectively. Gross losses of $3,938 and $225 were recognized in 2011 and 2010, respectively. Available-for-sale securities were called or matured resulting in proceeds of approximately $12,490,000 and $17,400,000 for the years ended December 31, 2011 and 2010, respectively. Gross gains of $8,011 and $7,747 were recognized in 2011 and 2010, respectively.

Gross unrealized losses and fair values are shown in the following table, aggregated by investment category and length of time individual securities have been in an unrealized loss position, at December 31, 2011 and 2010 (in thousands).

	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
December 31, 2011:						
Obligations of state and political subdivisions			$ 250	$ 1	$ 250	$ 1
Corporate securities			238	12	238	12
Total	$	$	$ 488	$13	$ 488	$ 13
December 31, 2010:						
Obligations of U.S. government corporations and agencies	$ 2,210	$ 43			$ 2,210	$ 43
Obligations of state and political subdivisions	14,739	352			14,739	352
Residential mortgage-backed securities	2,931	30			2,931	30
Corporate securities	247	3			247	3
Total	$20,127	$428	$	$	$20,127	$428

At December 31, 2011 and 2010, the number of unrealized loss positions in investment securities totaled 2 and 69, respectively. Certain securities are guaranteed by either the U.S. government or other governments. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have

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occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity or for the foreseeable future, no declines are deemed to be other-than-temporary.

5. LOANS AND ALLOWANCE FOR LOAN LOSSES:

Major segments of the loan portfolio are summarized as follows (in thousands) as of December 31, 2011 and 2010:

	2011	2010
Personal	$ 10,159	$ 10,500
Credit lines	28,809	26,557
Business	31,192	19,260
Real Estate	161,585	161,876
Gross loans	231,745	218,193
Less allowance for loan losses	3,469	2,837
Loans, net	$228,276	$215,356

The Company grants commercial, industrial, residential and personal loans to customers primarily in Lycoming and Northumberland counties, Pennsylvania. Although the Company has a diversified loan portfolio, a significant portion of its debtor's ability to honor their contracts is dependent on, among other things, the economic conditions within this region. The segments of the Bank's loan portfolio are disaggregated to a level to allow management to monitor risk and performance as follows: personal, credit lines, business and real estate. The following table summarizes the primary segments of the loan portfolio segregated into loans individually evaluated for impairment and loans collectively evaluated for impairment as of December 31, 2011 and 2010 (in thousands):

	Personal	Credit Lines	Business	Real Estate	Total
December 31, 2011:					
Total loans	$ 10,159	$28,809	$31,192	$161,585	$231,745
Individually evaluated for impairment	$ 39	$ 40	$ 1,313	$ 879	$ 2,271
Collectively evaluated for impairment	$ 10,120	$28,769	$29,879	$160,706	$229,474
December 31, 2010:					
Total loans	$ 10,500	$26,557	$19,260	$161,876	$218,193
Individually evaluated for impairment	$ 45	$ 44	$ 90	$ 698	$ 877
Collectively evaluated for impairment	$ 10,455	$26,513	$19,170	$161,178	$217,316

At December 31, 2011 and 2010, net unamortized loan fees and costs of $337,542 and $341,712, respectively, have been offset against the carrying value of loans shown above.

The Company has no commitments to loan additional funds to borrowers whose loans have been modified.

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Impaired Loans

The Company considers a loan to be impaired, based upon current information and events when it is probable that the Company will be unable to collect the scheduled payments of principal or interest according to the contractual terms of the loan agreement. If management determines that the value of the impaired loan is less than the recorded investment in the loan, impairment is recognized through a specific reserve in the allowance for loan losses. The following table summarizes the recorded investment and unpaid principal balances for impaired loans with the associated allowance amount, if applicable, for the years ended December 31, 2011 and 2010:

	Recorded Investment	Unpaid Principal	Related Allowance	Average Recorded Investment	Interest Income Recognized
2011:					
With no related allowance recorded:					
Personal					
Credit lines					
Business					
Real Estate					
Total	$	$	$	$	$
With an allowance recorded:					
Personal	$ 39	$ 39	$ 16	$ 50	$ 2
Credit lines	40	40	12	43	2
Business	1,313	1,313	478	1,325	75
Real Estate	879	879	99	886	28
Total	$2,271	$2,271	$605	$2,304	$107
Total:					
Personal	$ 39	$ 39	$ 16	$ 50	$ 2
Credit lines	40	40	12	43	2
Business	1,313	1,313	478	1,325	75
Real Estate	879	879	99	886	28
Total	$2,271	$2,271	$605	$2,304	$107
2010:					
With no related allowance recorded:					
Personal					
Credit lines					
Business					
Real Estate					
Total	$	$	$	$	$
With an allowance recorded:					
Personal	$ 45	$ 45	$ 23	55	$ 2
Credit lines	44	44	39	82	3
Business	90	90	55		
Real Estate	698	698	144	1,261	51
Total	$ 877	$ 877	$261	$1,398	$56
Total:					
Personal	$ 45	$ 45	$ 23	$ 55	$ 2
Credit lines	44	44	39	82	3
Business	90	90	55		
Real Estate	698	698	144	1,261	51
Total	$ 877	$ 877	$261	$1,398	$56

Continued

Credit Quality Information

The Company has developed credit quality indicators which are assigned to individual loans to measure and report credit risk exposure. The Company's internally assigned grades are defined below:

Strong - minimum loss exposure; probability of serious rapid financial deterioration extremely small; excellent earnings record; and overall upward trends.

Satisfactory - credits of reasonably acceptable risk based on average credit strength and/or repayment sources. Unfavorable factors may be present, but financial trends are generally positive. The margin of protection is susceptible to more rapid deterioration. Any negatives are adequately compensated for by the loan structure, administrative controls or collateral.

Watch - slightly below average quality. Financial condition has both positive and negative aspects with some adverse tendencies noted. Probability of deterioration if adverse factors prevail.

Special Mention - a special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the bank's credit position at some future date.

Substandard - substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any.

Doubtful - loans classified doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss - loans classified loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted.

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Company has a loan rating process with layers of internal and external oversight. Generally, personal, credit lines and real estate loans are included in the strong category unless a specific action, such as bankruptcy, repossession, death or significant delay in payment occurs to raise awareness of a possible credit event. The Company's loan officers are responsible for timely and accurate risk rating of the loans in each of their portfolios at origination and on an ongoing basis under management supervision. All business loans are reviewed annually to ensure appropriateness of the credit quality. In addition, the Company engages an external consultant to perform an annual loan review. Generally, the external consultant reviews the 100 largest borrowing credits, a sample of those from 101 to 125, delinquencies (30 days and over) and insider credits.

The following table represents credit exposures by internally assigned grades as of December 31, 2011 and 2010 (in thousands):

	Personal	Credit Lines	Business	Real Estate	Total
2011:					
Strong	$10,025	$28,809	$28,613	$158,882	$226,329
Satisfactory					
Watch	25		510	783	1,318
Special mention	60		1,077	284	1,421
Substandard	49		992	1,636	2,677
Doubtful					
Loss					
Total	$10,159	$28,809	$31,192	$161,585	$231,745

Continued

	Personal	Credit Lines	Business	Real Estate	Total
2010:					
Strong	$10,489	$26,557	$12,038	$159,154	$208,238
Satisfactory					
Watch	11		6,448	875	7,334
Special mention			349	961	1,310
Substandard			425	886	1,311
Doubtful					
Loss					
Total	$10,500	$26,557	$19,260	$161,876	$218,193

Age Analysis of Past Due Loans

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as determined by the length of time a recorded payment is past due. The following table presents the loan portfolio segments summarized by aging categories as of December 31, 2011 and 2010 (in thousands):

December 31, 2011:	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days + Past Due	Total Past Due	Total Loans	Recorded Investment > 90 Days and Accruing
Personal	$ 10,097	$19		$ 43	$ 62	$ 10,159	
Credit lines	28,652	1	$60	96	157	28,809	
Business	31,192					31,192	
Real Estate	159,923	29		1,633	1,662	161,585	
Total	$229,864	$49	$60	$1,772	$1,881	$231,745	$
December 31, 2010:							
Personal	$ 10,454	$ 21		$ 25	$ 46	$ 10,500	
Credit lines	26,550	2		5	7	26,557	
Business	19,230	30			30	19,260	
Real Estate	156,191	4,236	$467	982	5,685	161,876	$ 71
Total	$212,425	$4,289	$467	$1,012	$5,768	$218,193	$ 71

Nonaccrual Loans

The following table presents loans by segment on nonaccrual status as of December 31, 2011 and 2010 (in thousands):

	2011	2010
Personal	$ 43	$ 25
Credit Lines	161	5
Business		
Real Estate	1,916	911
Total	$2,120	$941

Allowance for Loan Losses

An allowance for loan losses (ALL) is maintained to absorb losses from the loan portfolio. The ALL is based on management's continuing evaluation of the risk characteristics and credit quality of the loan

Continued

portfolio, assessment of current economic conditions, diversification and size of the portfolio, adequacy of capital, past and anticipated loss experience, and the amount of non-performing loans.

Management reviews the loan portfolio on a quarterly basis using a defined, consistently applied process in order to make appropriate and timely adjustments to the ALL. When information confirms all or part of specific loans to be uncollectible, these amounts are promptly charged against the ALL.

The Company's methodology for determining the ALL is based on the requirements of ASC Section 310-10-35 for loans individually evaluated for impairment and ASC Subtopic 450-20 for loans collectively evaluated for impairment, as well as the Interagency Policy Statements on the Allowance for Loan and Lease Losses and other bank regulatory guidance. The total of the two components represents the Company's ALL.

Loans that are collectively evaluated for impairment are analyzed with general allowances being made as appropriate. For general allowances, historical loss trends are calculated over a three-year period and are used in estimation of losses in the current portfolio. These historical loss amounts are modified by other qualitative factors which include national and local economic trends and conditions; levels of and trends in delinquency rates and nonaccrual loans; trends in volume and terms of loans; effect of changes in lending policies, experience, ability and depth of lending staff; value of underlying collateral; and concentrations of credit from a loan type, industry and/or geographic standpoint. During 2011, the qualitative factors for economic trends was decreased for all loan types, trends in terms and volume was increased for credit lines, business loans and real estate loans, and past due loan volumes were decreased for personal and real estate loans and increased for credit lines and business loans.

The following table summarizes the primary segments of the ALL segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment as of December 31, 2011 and 2010. Activity in the allowances is presented for the years ended December 31, 2011 and 2010.

2011:	Personal	Credit Lines	Business	Real Estate	Total
Allowance for loan losses:					
Beginning balance	$ 81	$347	$340	$2,069	$2,837
Charge offs	(98)	(31)	(30)	(55)	(214)
Recoveries	1			20	21
Provision	75	42	533	175	825
Ending balance	$ 59	$358	$843	$2,209	$3,469
Individually evaluated for impairment	$ 15	$ 12	$478	$ 99	$ 604
Collectively evaluated for impairment	$ 44	$346	$365	$2,110	$2,865
2010:					
Allowance for loan losses:					
Beginning balance	$ 91	$373	$136	$1,709	$2,309
Charge offs	(8)	(70)		(126)	(204)
Recoveries	1	1		65	67
Provision	(3)	43	204	421	665
Ending balance	$ 81	$347	$340	$2,069	$2,837
Individually evaluated for impairment	$ 23	$ 39	$ 55	$ 144	$ 261
Collectively evaluated for impairment	$ 58	$308	$285	$1,925	$2,576

6. BANK PREMISES AND EQUIPMENT:

Bank premises and equipment are summarized as follows (in thousands):

Continued

	December 31,	
	2011	2010
Land	$1,627	$1,627
Bank premises	4,736	4,729
Equipment, furniture and fixtures	971	984
Total	7,334	7,340
Less accumulated depreciation	2,049	1,889
Bank premises and equipment, net	$5,285	$5,451

Depreciation of bank premises and equipment charged against earnings amounted to $257,158 and $251,523 for the years ended December 31, 2011 and 2010, respectively.

7. DEPOSITS:

At December 31, 2011, the scheduled maturities of certificates of deposits are as follows (in thousands):

2012	$88,031
2013	29,049
2014	6,139
2015	5,279
2016	5,655
Total	$134,153

Certificates of deposit of $100,000 or more totaled approximately $57,203,000 and $61,171,000 at December 31, 2011 and 2010, respectively. Interest expense related to these deposits was approximately $992,000 and $1,301,000 for the years ended December 31, 2011 and 2010, respectively.

8. BORROWED FUNDS:

Borrowed funds include the following for the years ended December 31(in thousands):

	2011	2010
Securities sold under agreements to repurchase (a)	$ 5,423	$ 5,067
Other borrowed funds (b)	5,646	14,447
Federal Home Loan Bank of Pittsburgh (FHLB) advances (c)		
Federal funds purchased (d)		
Total borrowed funds	$11,069	$19,514

(a) Securities sold under agreements to repurchase mature within 1 to 30 days. The interest rates on these agreements ranged from .00001% to 2.25% at December 31, 2011 and 2010. The fair values of the underlying securities at December 31, 2011 and 2010 were $5,721,305 and $5,414,140, respectively.

(b) Other borrowed funds consist of separate loans with the FHLB. These loans bear interest at rates which range from 0.68% to 6.42% per annum and mature at various dates through year 2026.

(c) The Bank has available two types of borrowings with the FHLB. Advances under the FHLB "Open RepoPlus" are short-term borrowings maturing within one year and bear interest at a variable rate based on a requested interest payment frequency. Advances under the FHLB "RepoPlus" and "Mid-Term Repo" are borrowings maturing from 1 day to 3 years and bear interest either at a fixed rate or an adjustable rate set at the time of funding. The Company has a borrowing limit under these arrangements of approximately $114,119,000 exclusive of any outstanding advances. All advances are collateralized by the Company's Federal Home Loan Bank stock, mortgage-backed securities and first mortgage loans under a blanket floating-lien agreement.

(d) The Bank has a federal fund credit line which totals $5,000,000 with a correspondent bank.

Continued

The following table summarizes the maturities of other borrowed funds at December 31, 2011 (in thousands):

2012	$1,802
2013	1,602
2014	1,602
2015	602
2016	3
Thereafter	35
Total	$5,646

9. INCOME TAXES:

The provision for income taxes is comprised of the following (in thousands):

	Years Ended December 31,	
	2011	2010
Currently payable	$1,743	$1,273
Deferred benefit	(344)	(354)
Provision for income taxes	$1,399	$ 919

The tax effects of deductible and taxable temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (in thousands):

	December 31,	
Deferred tax assets:	2011	2010
Allowance for loan losses	$1,106	$ 890
Supplemental retirement	362	281
Accrued interest receivable on nonaccrual loans	95	64
Unrealized holding loss on available-for-sale securities		46
Other		1
Total	1,563	1,282
Deferred tax liabilities:		
Premises and equipment	227	246
Unrealized holding gain on available-for-sale securities	535	
Other	2	
Total	764	246
Deferred tax asset, net	$ 799	$1,036

A reconciliation between the expected statutory income tax rate and the effective income tax rate on income before income tax follows (in thousands):

	Years Ended December 31,			
	2011		2010	
	Amount	%	Amount	%
Provision at statutory rate	$1,944	34.0	$1,357	34.0
Tax-exempt income	(425)	(7.4)	(361)	(9.1)
Nondeductible interest expense	19	.3	23	.6
Other, net	(139)	(2.4)	(100)	(2.5)
Effective income tax and rate	$1,399	24.5	$ 919	23.0

Continued

The Company's policy is to recognize interest related to income taxes in interest expense and interest income, and recognize penalties in operating expenses. During 2011 and 2010, the Company was not required to recognize interest or penalties related to income taxes.

The Company, as of December 31, 2011, had taken no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months.

Tax years 2008, 2009 and 2010 remain subject to examination by major tax jurisdictions.

10. EMPLOYEE BENEFIT PLANS:

The Company maintains two defined contribution plans covering substantially all of its employees. The Company has accrued the cost of its defined contribution plans for the years ended December 31, 2011 and 2010. The Company's 401(k) defined contribution plan holds 90,811 and 81,535 shares of the Company's stock at December 31, 2011 and 2010, respectively. Employee benefit plan expense for the years ended December 31, 2011 and 2010, amounted to approximately $348,000 and $397,000, respectively.

The Company has split-dollar life insurance policies on the lives of key executive officers at December 31, 2011 and 2010, respectively. The Company owns the cash surrender value while the death benefit proceeds in excess of the cash surrender value is endorsed to the key executive or beneficiary. The policies were paid with a single premium and have a combined death benefit of approximately $4,858,000 and $1,061,000 at December 31, 2011 and 2010, respectively. The cash surrender value of these policies was $2,147,349 and $460,553 at December 31, 2011 and 2010, respectively.

The Company sponsors two non-qualified, non-funded supplemental retirement plans, one for its executives and one for its directors, for which the Company has purchased cost recovery life insurance on the lives of the participants. The participant is the insured person under the policy and the Company is the owner and beneficiary. The amount of the coverage is designed to provide sufficient revenues to cover all costs of the plans if assumptions made as to mortality experience, policy earnings and other factors are realized. At December 31, 2011 and 2010, the cash surrender value of these policies was $4,963,756 and $4,137,716, respectively.

11. RELATED PARTY TRANSACTIONS:

In the normal course of business, loans are extended to directors, executive officers and their associates. In management's opinion, all of these loans are on substantially the same terms and conditions as loans to other individuals and businesses of comparable creditworthiness. A summary of loan activity for those directors, executive officers, and their associates is as follows (in thousands):

	Beginning Balance	Additions	Amounts Collected	Ending Balance
2011	$5,635	$1,109	$1,183	$5,561
2010	$5,863	$2,186	$2,414	$5,635

The Company held related party deposits of approximately $803,000 and $779,000 at December 31, 2011 and 2010, respectively.

12. OFF-BALANCE SHEET RISK:

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit, interest rate or liquidity risk in excess of the amount recognized in the balance sheets. The contract amounts of these instruments express the extent of involvement the Company has in particular classes of financial instruments.

Continued

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit, standby letters of credit and financial guarantees written is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The Company may require collateral or other security to support financial instruments with off-balance sheet credit risk.

Financial instruments whose contract amounts represent credit risk (in thousands):

	December 31,	
	2011	2010
Commitments to grant loans	$ 1,830	$ 2,171
Unfunded commitments under lines of credit	$24,223	$22,222
Standby letters of credit	$ 516	$ 487

Commitments to extend credit are legally binding agreements to lend to customers. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future liquidity requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company on extension of credit is based on management's credit assessment of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment and income-producing commercial properties.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company guaranteeing performance by a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

The Company has not been required to perform on any financial guarantees during the past two years. The Company has not incurred any losses on its commitments in either 2011 or 2010.

13. COMMITMENTS AND CONTINGENCIES:

The Company and Bank are subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial statements of the Company.

14. REGULATORY MATTERS:

Capital - The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by its primary federal regulator, the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Pennsylvania Department of Banking. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators, and if undertaken, could have a direct material affect on the Company's financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines involving quantitative measures of the Company's assets, liabilities, and certain off-balance sheet items as calculated under regulatory

Continued

accounting practices. The Company's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of total risk-based capital and Tier I capital to risk-weighted assets (as defined in the regulations), and Tier I capital to average total assets (as defined). Management believes, as of December 31, 2011 and 2010, that the Company meets all capital adequacy requirements to which it is subject.

As of March 31, 2009, the most recent notification from the Federal Deposit Insurance Corporation, the Company was categorized as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Company will have to maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Company's prompt corrective action category.

The following table reflects the Company's and Bank's actual regulatory capital and ratios as well as the ratios required for the Company and Bank to be considered adequately capitalized under the regulatory framework for prompt corrective action (in thousands).

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2011:						
Total Risk-Based Capital (to Risk-Weighted Assets)						
Company	$31,272	13.6%	$18,358	8.0%	$22,948	10.0%
Bank	30,167	13.2	18,358	8.0	22,948	10.0
Tier I Capital (to Risk-Weighted Assets)						
Company	28,396	12.4	9,179	4.0	13,769	6.0
Bank	27,291	11.9	9,179	4.0	13,769	6.0
Tier I Capital (to Average Total Assets)						
Company	28,396	9.5	11,928	4.0	14,910	5.0
Bank	27,291	9.2	11,928	4.0	14,910	5.0
December 31, 2010:						
Total Risk-Based Capital (to Risk-Weighted Assets)						
Company	$28,013	12.7%	$17,663	8.0%	$22,079	10.0%
Bank	26,753	12.1	17,663	8.0	22,079	10.0
Tier I Capital (to Risk-Weighted Assets)						
Company	25,252	11.4	8,831	4.0	13,247	6.0
Bank	23,992	10.9	8,831	4.0	13,247	6.0
Tier I Capital (to Average Total Assets)						
Company	25,252	8.9	11,383	4.0	14,229	5.0
Bank	23,992	8.4	11,383	4.0	14,229	5.0

Dividends - Banking regulations limit the amount of dividends that may be paid to the Company by the Bank without prior approval of the Bank's regulatory agency. Retained earnings against which dividends may be paid without prior approval of the banking regulators amounted to approximately $24,452,000 at December 31, 2011, subject to the minimum capital ratio requirements noted above.

Loans - Restrictions imposed by federal law prohibit the Company from borrowing from the Bank unless the loans are secured in specific amounts. Such secured loans to the Company are generally limited to

Continued

15% of the Bank's shareholders' equity (excluding unrealized gains on available-for-sale securities) or $3,573,000 at December 31, 2011.

Other - This statement has not been reviewed or confirmed for accuracy or relevance by the FDIC.

15. FAIR VALUE MEASUREMENTS:

FASB ASC 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level I: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level II: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level II input must be observed for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company believes that its valuation techniques are appropriate and consistent with the techniques used by other market participants. However, the use of different methodologies and assumptions could result in a different estimate of fair values at the reporting date.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

A*vailable-for-sale securities:* The fair value of available-for-sale securities is determined using a market approach. The U.S. government corporations and agencies, obligations of state and political subdivisions, residential mortgage-backed securities and corporate securities are classified as Level II within the valuation hierarchy. Their fair values were determined based upon market-corroborated inputs and valuation matrices, which were obtained through third-party data service providers or securities brokers through which the Company has historically transacted both purchases and sales of investment securities.

Impaired Loans: The fair value of loans considered impaired is generally based on the fair value of the loan's collateral.

Other Real Estate: Other Real Estate is recorded based on the lower of carrying value or fair value provided by independent third-party appraisals of the properties, less estimated selling costs.

Cash surrender value of life insurance: Fair value as determined by the custodian.

Continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial assets at fair value on a recurring basis (in thousands):

	Level I	Level II	Level III	Total
December 31, 2011:				
Available-for-sale securities:				
Obligations of U.S. government corporations and agencies		$ 3,257		$ 3,257
Obligations of state and political subdivisions		29,945		29,945
Residential mortgage-backed securities		8,436		8,436
Corporate securities		489		489
Restricted equity securities		1,239		1,239
Cash surrender value of life insurance		7,111		7,111
Total	$	$50,477	$	$50,477
December 31, 2010:				
Available-for-sale securities:				
Obligations of U.S. government corporations and agencies		$ 6,220		$ 6,220
Obligations of state and political subdivisions		27,943		27,943
Residential mortgage-backed securities		6,267		6,267
Corporate securities		504		504
Restricted equity securities		1,507		1,507
Cash surrender value of life insurance		4,598		4,598
Total	$	$47,039	$	$47,039

Financial assets at fair value on a nonrecurring basis (in thousands):

	Level I	Level II	Level III	Total
December 31, 2011:				
Impaired loans			$1,667	$1,667
Other real estate			81	81
Total	$	$	$1,748	$1,748
December 31, 2010:				
Impaired loans			$ 616	$ 616
Other real estate			339	339
Total	$	$	$ 955	$ 955

Impaired loans, which are measured for impairment primarily using the fair value of the collateral for collateral dependent loans, were approximately $2,271,000 and $877,000, with an allowance for loan losses of approximately $604,000 and $261,000 for the years ended December 31, 2011 and 2010, respectively. There were no transfers between Level I and Level II of the fair value hierarchy for the years ended December 31, 2011 and 2010.

The fair values disclosed may vary significantly between institutions based on the estimates and assumptions used in the various valuation methodologies. The derived fair values are subjective in nature and involve uncertainties and significant judgment. Therefore, they cannot be determined with precision. Changes in the assumptions could significantly impact the derived estimates of fair value. Disclosure of non-financial assets such as buildings as well as certain financial instruments such as leases is not required. Accordingly, the aggregate fair values presented do not represent the underlying value of the Company.

Continued

The following methods and assumptions were used by the Company in estimating the fair value for financial instruments:

Cash and Due From Banks, Interest-Bearing Deposits with Banks and Federal Funds Sold (Carried at Cost)

The carrying amounts reported in the balance sheets approximate fair value due to the short-term nature of these assets and they do not present unanticipated credit concerns.

Investment Securities

The fair values of held-to-maturity securities and investment securities available-for-sale are based on quoted market prices as of the balance sheet dates, where available. In cases where a market price is not available, external pricing services that approximate fair value are used. For certain instruments, fair value is estimated by obtaining quotes from independent securities dealers. The carrying value of restricted equity securities approximates fair value based on the redemption provisions of the stock.

Loans (Carried at Cost)

Fair values are estimated for portfolios of loans with similar financial characteristics. For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans (for example, fixed rate commercial real estate, rental property mortgage loans and commercial and industrial loans) are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics.

Accrued Interest Receivable and Payable (Carried at Cost)

The carrying value of accrued interest receivable and payable approximates fair value because they are generally received or paid in 90 days or less and do not present unanticipated credit concerns.

Cash Surrender Value of Life Insurance

The carrying value of cash surrender value of life insurance approximates fair value based on applicable redemption provisions.

Deposits (Carried at Cost)

The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, savings and NOW accounts, and money market and checking accounts, is the amount payable on demand as of December 31, 2011 and 2010. For time deposits, fair value is estimated by discounting the contractual cash flows using a discount rate equal to the rate currently offered for similar deposits of similar maturities.

Borrowed Funds (Carried at Cost)

Rates available to the Company for borrowed funds with similar terms and remaining maturities are used to estimate the fair value of borrowed funds.

Commitments to Extend Credit and Standby Letters of Credit (Disclosed at Cost)

There is no material difference between the notional amount and the estimated fair value of off-balance sheet items which are primarily comprised of unfunded loan commitments which are generally priced at market at the time of funding.

The following table presents fair value information about financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practicable to estimate that value. The

Continued

actual carrying amounts and estimated fair values of the Company's financial instruments that are included in the consolidated balance sheets are as follows (in thousands):

	2011		2010	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
FINANCIAL ASSETS:				
Cash and due from banks and interest-bearing deposits with banks	$ 8,932	$ 8,932	$ 15,018	$ 15,018
Federal funds sold	3,000	3,000	3,000	3,000
Investment securities	43,367	43,367	42,442	42,442
Loans, net	228,276	239,457	215,356	220,177
Accrued interest receivable	1,072	1,072	1,042	1,042
Cash surrender value of life insurance	7,111	7,111	4,598	4,598
FINANCIAL LIABILITIES:				
Deposits	255,841	253,645	242,917	241,218
Borrowed funds	11,069	11,069	19,514	19,514
Accrued interest payable	386	386	549	549
OFF-BALANCE SHEET INSTRUMENTS:				
Lending commitments and letters of credit	$	$	$	$

16. CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY:

Following are condensed financial statements for Muncy Bank Financial, Inc. (in thousands):

BALANCE SHEETS	December 31, 2011	2010
ASSETS:		
Cash	$ 1,644	$ 1,259
Investment in subsidiary	28,330	23,903
Total assets	$29,974	$25,162
SHAREHOLDERS' EQUITY:		
Common stock	$ 678	$ 678
Additional paid-in capital	2,563	2,459
Retained earnings	26,448	23,149
Accumulated other comprehensive gain	1,038	(90)
Treasury stock	(753)	(1,034)
Total shareholders' equity	$29,974	$25,162

STATEMENTS OF INCOME	Years Ended December 31, 2011	2010
INCOME:		
Dividends from subsidiary	$ 1,019	$ 909
Equity in undistributed earnings	3,299	2,162
Net income	$ 4,318	$ 3,071
STATEMENTS OF CASH FLOWS		
OPERATING ACTIVITIES:		
Net income	$ 4,318	$ 3,071
Adjustments to reconcile net income to net cash provided by operating activities,		
Undistributed earnings of subsidiary	(3,299)	(2,162)
Net cash provided by operating activities	1,019	909
FINANCING ACTIVITIES:		
Cash dividends paid	(1,018)	(909)
Proceeds from sale of treasury stock	505	345
Purchase of treasury stock	(121)	(99)
Net cash used by financing activities	(634)	(663)
INCREASE IN CASH	385	246
CASH, BEGINNING	1,259	1,013
CASH, ENDING	$ 1,644	$ 1,259

Continued

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 3, 2012, which is the date the financial statements were available to be issued.

On January 10, 2012, the Board of Directors declared a two-for-one stock split to shareholders of record on January 31, 2012. Per share amounts in the accompanying consolidated financial statements have been adjusted for the split.

Larson, Kellett & Associates, P.C.
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors
Muncy Bank Financial, Inc. and Subsidiary
Muncy, Pennsylvania:

We have audited the accompanying consolidated balance sheets of Muncy Bank Financial, Inc. and Subsidiary (Company) as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Muncy Bank Financial, Inc. and Subsidiary as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Larson, Kellett & Associates, P.C.

Montoursville, Pennsylvania
February 3, 2012

40 Choate Circle • Montoursville, PA 17754 Phone: (570) 368-2941 • Fax: (570) 368-3172

BOARD OF DIRECTORS

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

HONORARY DIRECTORS

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

MUNCY BANK FINANCIAL, INC.

Daniel C. Berninger, President and Chief Executive Officer
Craig W. Kremser, Senior Vice President
David Mayer, Senior Vice President
Rhonda L. Gingery, Treasurer
Karen J. Brandis, Secretary
Kimberly A. Wetherhold, Asst. Secretary

THE MUNCY BANK AND TRUST COMPANY

Daniel C. Berninger, President and Chief Executive Officer
Craig W. Kremser, Senior Vice President/CFO
David Mayer, Senior Vice President/Sales Division Manager
Kathlene M. Bower, Senior Vice President/Business Development
Rhonda L. Gingery, Vice President/Cashier
Margarethe Aderhold, Vice President/Trust Department Manager
Marcella A. Soverns, Vice President/Compliance Manager
Esther A. Houseknecht, Asst. VP/Senior Lending Officer
Doris E. Swartz, Asst. VP/Electronic Banking/Security
Brenda K. Bitler, Asst. Vice President/Finance Control Manager
Karen J. Brandis, Corporate Secretary/Human Resource Manager
Janet D. Schultz, Community Office Manager
Krista R. Dyer, Community Office Manager
Susan E. Tollackson, Community Office Manager
Ruth L. Schneider, Community Office Manager
Kimberly A. Feigles, Community Office Manager
Susan P. McConnell, Asst. Community Office Manager
Kathy K. Dincher, Asst. Community Office Manager
Linda L. Reeser, Collections Manager
Heath D. Heiss, Customer Service Officer
Beth A. Wolyniec, Customer Service Officer
Steven N. Naylor, Registered Representative
Robert S. Helmrich, Jr., Registered Representative
Jason A. Fischer, Credit Analyst
Jo A. Langer, Muncy Head Teller
Candice A. Brown, Hughesville Head Teller
Molly K. Delany, Clarkstown Head Teller
Tammy K. Pennycoff, Montoursville Head Teller
Randi K. Fogleman, Dewart Head Teller
Cheryl J. Frantz, Vault Teller

EMPLOYEES

FULL TIME

Pamela D. Aderhold
Deborah L. Akers
Barbara J. Applegate
Holly A. Clayton
Beth A. Cooley
D'Aracy D. Erb
Dorcas L. Fisher
Jamie A. Fry
Andrea R. Hulsizer
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
Jill S. Morrissey
Alicia M. Naugle
Michelle A. Rohrbach
Kathy A. Stauffer
Nicole R. Stepp
Luke G. Temple
Katie B. Ulrich
Vanessa L. VanKirk
Kimberly A. Wetherhold

PART TIME

Pamela J. Borek
Danielle L. Bouse
Adrienne E. Budman
Connie P. Burfield
Glenda E. Burgess
Erin D. Confer
Mary M. Hoffman
Judith M. Houser
Michele R. Keith
Connie J. Kessler
Karen L. Lander
Brett A. O'Conner
Teresa A. Oakes
Debra L. Page
Michelle A. Paisley
Karen E. Shoemaker
Lori A. Snyder
Ann E. Spega
Tonia A. Stutzman
Virginia O. Walter
Stacey L. Wheeler

OFFICE LOCATIONS

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

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

MUNCY DRIVE THROUGH
319 South Main Street
Muncy PA 17756

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

MONTOURSVILLE
900 North Loyalsock Ave
Montoursville PA 17754
(570) 368-1234

DEWART
4880 State Route 44
Dewart PA 17730
(570) 538-2200

toll free (877) 243-8919
24 Hour Telephone Access Banking
(570) 546-9221 or toll free (877) 243-8916

Muncy Bank Financial, Inc.
and Subsidiary

Two North Main Street, P.O. Box 179
Muncy, Pennsylvania 17756
(570) 546-2211
Toll Free (877) 243-8919
www.muncybank.com