

**MUNCY BANK FINANCIAL, INC.**  
**MUNCY, PENNSYLVANIA**  
For the quarters ending March 31, 2009 and March 31, 2008

**CONSOLIDATED BALANCE SHEET**

<u>ASSETS:</u>	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Cash and Due From Banks	\$1,924,589	\$2,704,300
Federal Funds Sold	<u>0</u>	<u>0</u>
<b>Total Cash and Cash Equivalents</b>	<b>\$1,924,589</b>	<b>\$2,704,300</b>
Interest Bearing Deposits with Banks	2,906,177	6,636
Investment Securities Held to Maturity	2,290	3,019
Investment Securities Available For Sale	<u>32,233,188</u>	<u>31,859,129</u>
<b>Total Investments</b>	<b>\$35,141,655</b>	<b>\$31,868,784</b>
Loans, Net of Unearned Income	178,299,864	155,054,348
Allowance for Loan Losses	<u>(2,152,843)</u>	<u>(1,563,319)</u>
<b>Net Loans</b>	<b>\$176,147,021</b>	<b>\$153,491,029</b>
Bank Premises and Equipment, Net	5,209,747	4,157,898
Accrued Interest Receivable	824,373	784,194
Other Assets	<u>5,452,871</u>	<u>4,962,961</u>
<b>TOTAL ASSETS</b>	<b><u>\$224,700,256</u></b>	<b><u>\$197,969,166</u></b>
 <u>LIABILITIES:</u>		
Interest Bearing Deposits	\$168,892,567	\$138,570,814
Noninterest Bearing Deposits	<u>18,505,019</u>	<u>17,665,465</u>
<b>TOTAL DEPOSITS</b>	<b>\$187,397,586</b>	<b>\$156,236,279</b>
Repurchase Agreements	1,726,119	1,991,096
Other Borrowings	12,215,124	17,431,593
Other Liabilities	<u>1,756,913</u>	<u>1,438,032</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$203,095,742</u></b>	<b><u>\$177,097,000</u></b>
 <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	2,452,604	2,491,379
Retained Earnings	19,651,850	18,425,331
Net Unrealized Gain (Loss) on Available For Sale Securities	<u>288,792</u>	<u>199,994</u>
<b>TOTAL</b>	<b>\$23,071,031</b>	<b>\$21,794,489</b>
Less Treasury Stock - 72,589 Shares as of March 31, 2009 and 54,639 Shares as of March 31, 2008 at cost	<u>(1,466,517)</u>	<u>(922,323)</u>
<b>Total Shareholders Equity Net</b>	<b><u>21,604,514</u></b>	<b><u>20,872,166</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$224,700,256</u></b>	<b><u>\$197,969,166</u></b>

THIS INTERIM STATEMENT IS SUBJECT TO YEAR-END AUDIT ADJUSTMENTS

**CONSOLIDATED STATEMENT OF INCOME**

<u>INTEREST INCOME:</u>	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Interest and Fees on Loans	\$2,823,712	\$2,777,085
Interest and Dividends on Investments:		
Taxable	118,357	145,068
Exempt from Federal Income Taxes	199,790	173,136
Interest on Deposits with Banks	570	123
Interest on Federal Funds Sold	<u>0</u>	<u>0</u>
<b>TOTAL INTEREST INCOME</b>	<b>\$3,142,429</b>	<b>\$3,095,412</b>
 <u>INTEREST EXPENSE:</u>		
Interest on Deposits	\$1,143,281	\$1,156,565
Interest on Short Term Borrowings	8,963	124,236
Interest on Other Borrowings	<u>101,747</u>	<u>75,338</u>
<b>TOTAL INTEREST EXPENSE</b>	<b>\$1,253,991</b>	<b>\$1,356,139</b>
<b>INTEREST INCOME, NET</b>	<b>1,888,438</b>	<b>1,739,273</b>
<b>Provision for Possible Losses</b>	<b>(150,000)</b>	<b>(75,000)</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES</b>	<b><u>\$1,738,438</u></b>	<b><u>\$1,664,273</u></b>
 <u>OTHER OPERATING INCOME:</u>		
Trust Department Income	\$25,000	\$27,500
Service Charges on Deposit Accounts	96,591	126,985
Other Service Charges and Fees	85,624	71,869
Securities Gains	15,612	2,957
Other Income	<u>148,337</u>	<u>146,896</u>
<b>TOTAL OTHER OPERATING INCOME</b>	<b>\$371,164</b>	<b>\$376,207</b>
 <u>OTHER OPERATING EXPENSES:</u>		
Salaries and Employee Benefits	\$860,359	\$808,577
Occupancy Expense, Net	110,216	91,602
Furniture and Equipment Expense	42,947	42,772
Other Expenses	<u>373,600</u>	<u>357,095</u>
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$1,387,122</b>	<b>\$1,300,046</b>
Income Before Provision for Income Taxes	\$722,480	\$740,434
Provision for Income Taxes	<u>(154,205)</u>	<u>(160,322)</u>
<b>Net Income</b>	<b><u>\$568,275</u></b>	<b><u>\$580,112</u></b>
 <b>NET INCOME PER SHARE</b>	<b>\$0.77</b>	<b>\$0.77</b>

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**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
OTHER COMPREHENSIVE INCOME NET OF TAX**

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Unrealized Gains/(Losses) on Securities	60,360	172,976
Reclassification Adjustment	10,304	1,951
Other Comprehensive Income	<u>70,664</u>	<u>174,927</u>
<b>COMPREHENSIVE INCOME</b>	<u><u>\$638,939</u></u>	<u><u>\$755,039</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**

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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  
 Beth W. Schultz, Customer Service Officer  
 Kathy K. Dincher, Customer Service Officer  
 Kimberly A. Feigles, Customer Service Officer  
 Phyllis R. Girven, Trust Operations Manager  
 Steven N. Naylor, Registered Representative  
 Robert S. Helmrich, Jr., Registered Representative  
 Jo A. Langer, Muncy Head Teller  
 Lisa R. Henninger, Hughesville Head Teller  
 Molly K. Delany, Clarkstown Head Teller  
 Nicole R. Stepp, Montoursville Head Teller  
 Randi K. Fogleman, Vault Teller

**MUNCY BANK FINANCIAL, INC. OFFICERS**

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

**FULL TIME  
EMPLOYEES**

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

**PART TIME  
EMPLOYEES**

Linda S. Barto  
 Sharon K. 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  
 Tanya M. Sheets  
 Ann E. Spega  
 Kristin B. Teffeteller  
 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  
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**MUNCY DRIVE-THROUGH**

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Member F.D.I.C.

**CONSOLIDATED  
STATEMENT  
AS OF  
MARCH 31, 2009**