

To Our Shareholders:

Net income for the three months ended March 31, 2010 was \$537 thousand, \$220 thousand less than the same period in 2009. On a per share basis, net income for this year was \$.18 versus \$.25 last year.

Lower net income this year is attributable to a reduction in other income and an increase in other expenses partially offset by higher net interest income as well as a reduction in the provision for loan losses and income taxes.

The reduction in other income is attributable to decreases in net realized gains on the sale of securities and mortgage banking activities. Higher non interest expense this year is attributable to an increase in salaries and benefits, FDIC insurance and prepayment penalties.

The amount of the prepayment penalties, \$38 thousand, will be recouped in subsequent quarters, this year, via a reduction in interest expense on long term debt.

On March 31, 2010, loans receivable totaled \$133 million, \$2.3 million less than last year. This decrease is the result of weak loan demand from qualified borrowers and the sale of most newly originated mortgage loans in the secondary market.

During the recent credit cycle, we have maintained a prudent, if not aggressive, approach toward non-performing assets by recognizing potential losses in the early stages of collection and increasing the loan loss reserve to protect the bank against the possibility of future losses. As of March 31, 2010, non-performing assets (which include reposed assets and loans which are 90 days or more past due or on non-accrual) totaled \$1.78 million or \$320 thousand less than last year. We held \$1.57 and \$1.02 as of March 31, 2010 and 2009, respectively in our loan loss reserve for every \$1.00 of non-performing assets.

Securities available were \$134.4 million on March 31, 2010, \$16.7 million less than the same date in 2009. The reduction in securities is mainly the result of the balance sheet de-leveraging program implemented during the second quarter of last year to improve net interest income, increase the capital to assets ratio and decrease risk.

On March 31, 2010, total deposits were \$213.1 million, an increase of \$26 million over last year. On the same date, securities sold under agreements to repurchase were \$2.5 million, \$864 thousand higher than 2009. Other borrowed funds were reduced to zero at end of quarter this year, a reduction of \$5 million from last year; long term debt was \$53 million, \$42.9 million less than 2009.

Total equity capital on March 31, 2010 was \$29.4 million, \$4.2 million higher than 2009. Higher equity capital this year is attributable to increases in retained earnings and accumulated other comprehensive income.

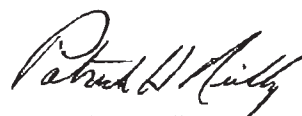
On March 31, 2010 the ratios of Tier 1 capital to assets and total capital to risk weighted assets were 9.21% and 8.30%; on March 31 last year, the ratios of Tier 1 capital to assets and total capital to risk weighted assets were 14.49% and 12.93%. These percentages are substantially higher than minimums required by our regulators to be considered well capitalized.

We are not enthusiastic about first quarter earnings, nor are we overly disappointed. At the national level, the economy is just beginning to emerge from a horrible recession. At the local level, the unemployment rate is over 12% and we expect it will take several more quarters before we begin to see any significant, wide spread improvement. With this as context we have focused on reducing risk, strengthening the balance sheet and improving our competitive position.

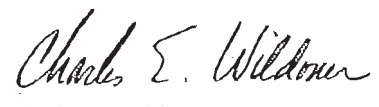
When the economic recovery does finally come to our community, MCT will benefit.

As always, we thank you for your continued loyalty and support.

Sincerely,



Patrick H. Reilly
President/Chief Executive Officer



Charles E. Wildoner
Chairman of the Board

BALANCE SHEETS (UNAUDITED)

	2010	As of March 31, 2009 <i>(dollars in thousands)</i>
Assets		
Cash and due from banks	\$3,603	\$4,652
Federal funds sold	4,623	1,119
Securities available for sale, at fair value	134,357	151,094
Restricted investment in bank stock	5,537	5,537
Mortgage loans held for sale	271	611
Loans receivable, net of allowance for loan losses 2010 \$2,804; 2009 \$2,131	133,026	135,342
Bank premises and equipment, net	9,600	9,796
Accrued interest receivable	1,590	1,804
Investment in life insurance	5,461	5,190
Prepaid FDIC insurance and assessments	963	0
Prepaid expenses and other assets	1,420	2,162
Total Assets	\$300,451	\$317,307
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$19,055	\$17,499
Interest bearing	194,083	169,549
Total deposits	213,138	187,048
Securities sold under agreements to repurchase	2,503	1,639
Other borrowed funds	0	5,000
Long-term debt	53,000	95,923
Other liabilities	2,455	2,558
Total Liabilities	271,096	292,168
Stockholders' Equity		
Common stock, no par value; authorized 15,000,000 shares; issued 3,087,228 shares; outstanding 3,066,944 shares	4,377	4,377
Retained earnings	23,320	22,293
Accumulated other comprehensive income(loss)	1,960	(1,229)
Treasury Shares at cost (20,284 shares)	(302)	(302)
Total Stockholders' Equity	29,355	25,139
Total Liabilities and Stockholders' Equity	\$300,451	\$317,307

CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Three Months Ended March 31,	
	2010	2009
	<i>(Dollars in Thousands, Except Per Share Data)</i>	
Interest Income		
Loans receivable, including fees	\$2,065	\$2,248
Securities:		
Taxable	1,504	1,902
Tax-exempt	95	56
Interest federal funds sold	1	0
Total Interest Income	<u>3,665</u>	<u>4,206</u>
Interest Expense		
Deposits	648	854
Short-term borrowings	5	9
Long-term debt	536	1,155
Total Interest Expense	<u>1,189</u>	<u>2,018</u>
Net Interest Income	<u>2,476</u>	<u>2,188</u>
Provision for Loan Losses	<u>227</u>	<u>262</u>
Net Interest Income after Provision for Loan Losses	<u>2,249</u>	<u>1,926</u>
Other Income		
Service fees	297	287
Wealth management fees	99	109
Net realized gains on sales of securities	42	414
Mortgage banking activities	54	258
Other	92	83
Total Other Income	<u>584</u>	<u>1,151</u>
Other Expenses		
Salaries and benefits	1,004	927
Occupancy and equipment	379	379
Director's Fees	54	54
Professional fees	99	118
Pre-payment penalties	38	0
FDIC insurance and assessment	84	32
Other	466	504
Total Other Expenses	<u>2,124</u>	<u>2,014</u>
Income before Income Taxes	<u>709</u>	<u>1,063</u>
Income Taxes	<u>172</u>	<u>306</u>
Net income	<u>\$537</u>	<u>\$757</u>
Basic Earnings per Share	<u>\$0.18</u>	<u>\$0.25</u>
Weighted Average Shares Outstanding	<u>3,066,944</u>	<u>3,066,944</u>