To Our Stockholders:

Net income for the nine months ended September 30, 2009 was $1.8 million, $388 thousand higher than the same period in 2008. On a per share basis net income was $ .60 this year versus $ .47 last year. Net income for the quarter ended September 30, 2009 was $648 thousand, $92 thousand more than the third quarter of 2008.

Higher net income year to date and for the quarter is attributable to an increase in net interest income and an increase in other income, especially realized gains on the sale of securities and mortgage banking income. These positives were partially offset by an increase in the provision for loan losses and other expenses, especially the FDIC assessment and pre-payment penalties.

On September 30, 2009, net loans outstanding totaled $135.7 million, $10.7 million less than last year. Although we did see some improvement during the most recent quarter loan demand in our market area remains very weak. The exception, of course, has been residential mortgages. We experienced a significant increase in mortgage loan originations this year versus 2008 in response to the low interest rates available on these products. While we service all the residential mortgage loans we originate, we sell most of these loans in the secondary market to eliminate credit and interest rate risk. For this reason most of the mortgage loans we originate do not increase loans receivable.

Securities available for sale totaled $135.8 million on September 30, 2009, $3.9 million less than the same date in 2008; Federal Funds sold were only $10 thousand on the same date this year versus $5.8 million last year. During the second quarter of 2009 management sold $26 million from the securities portfolio and recognized a gain of $671 thousand. At the same time management prepaid a similar amount of Federal Home Loan Bank advances which reduced long term debt and resulted in a penalty of $638 thousand. In addition to a net gain, the results of these transactions were an increase in net interest income, a significant de-leveraging of the balance sheet and an increase in the bank's capital ratio. Management believes the new level of leverage and capital is better suited to the current operating environment.

On September 30, 2009 total deposits were $202.9 million, $11.3 million higher than last year. Much of this growth is attributable to deposit increases at our two newest offices in Lehighton and Hometown. On the same date, long-term debt totaled $56 million, $45.5 million less than last year while short-term debt and customer repurchase agreements were $5.6 million and $2 million, respectively. The positive growth in deposits combined with the de-leveraging transaction have brought the percentage of the balance sheet funded by non–deposit sources down to a level management considers to be more appropriate given the ongoing challenges faced by the Federal Home Loan Banks.

Total equity capital on September 30, 2009, was $29 million, $4.9 million more than 2008. Higher equity capital this year is attributable to increases in retained earnings of $1.3 million and other comprehensive income related to unrealized gains in our securities available for sale portfolio of $3.6 million.

In the current operating environment it is worth noting that MCT is well-capitalized. At the end of the third quarter 2009 our ratio of Tier 1 capital to assets was 8.49% versus the 5.0% required by our regulators to be well-capitalized; on the same date our ratio of capital to risk weighted assets was 15.25% versus the 10.0% required by our regulators to be well-capitalized.

In addition to being well-capitalized, MCT has maintained high asset quality. Non- performing assets (which includes repossessed assets and loans which are 90 days or more past due or on non-accrual) totaled $1.5 million on September 30, 2009, or 1.1% of loans receivable.

MCT has consistently taken a conservative approach to the pursuit of profits. We have always sought to earn a good return for our stockholders by satisfying the needs of our customers in a manner that protects the long-term financial health of the company. The results we have achieved relative to many of our larger, more sophisticated competitors demonstrate the wisdom of our business philosophy.

The recession appears to be ending but the 9.8% unemployment rate tells us that the worst may not be over. During the last year we have moved aggressively to strengthen the balance sheet by building the allowance for loan losses, improving liquidity and increasing capital. When the worst is finally over and the economy does improve MCT will be well positioned to benefit.

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

Patrick H. Reilly
President/Chief Executive Officer

Charles E. Wildoner
Chairman of the Board

BALANCE SHEETS (UNAUDITED)

	As of September 30, 2009	2008
	(in thousands)	
ASSETS		
Cash and due from banks	**$3,211**	$4,276
Interest bearing demand deposits	**26**	50
Federal funds sold	**10**	5,831
Securities available for sale, at fair value	**135,788**	139,675
Restricted investment in bank stock	**5,537**	5,512
Loans held for sale	**490**	0
Loans receivable	**137,840**	148,020
Less: Allowance for loan losses	**2,599**	1,606
Net loans	**135,731**	146,414
Bank premises and equipment, net	**9,620**	9,290
Accrued interest receivable	**1,628**	1,441
Investment in life insurance	**5,311**	5,076
Prepaid expenses and other assets	**1,317**	2,158
TOTAL ASSETS	**$298,179**	$319,723
LIABILITIES		
Deposits:		
Non-interest bearing	**$20,024**	$19,923
Interest bearing	**182,827**	171,665
Total deposits	**202,851**	191,588
Customer repurchase agreements	**2,051**	81
Short-term borrowings	**5,597**	0
Long-term debt	**56,000**	101,516
Other liabilities	**2,603**	2,312
TOTAL LIABILITIES	**269,102**	295,497
SHAREHOLDERS' EQUITY		
Common stock, no par value; authorized 15,000,000 shares; issued 2009 and 2008 3,087,228 shares; outstanding 2009 3,066,944 shares and 2008 3,066,944 shares	**4,378**	4,378
Retained earnings	**22,874**	21,547
Accumulated other comprehensive income(loss)	**2,126**	(1,398)
Treasury Shares at cost (20,284 shares in 2009 and 2008)	**(301)**	(301)
TOTAL SHAREHOLDERS' EQUITY	**29,077**	24,226
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$298,179**	$319,723

CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
		(in thousands, except per share data)		
Interest income				
Loans receivable, including fees	**$2,174**	$2,438	**$6,617**	$7,390
Securities:				
Taxable	**1,811**	2,014	**5,595**	5,802
Tax-exempt	**95**	49	**234**	150
Interest federal funds sold	**2**	6	**2**	7
Total Interest Income	**4,082**	4,507	**12,448**	13,349
Interest expense				
Deposits	**779**	1,100	**2,422**	3,566
Short-term borrowings	**14**	31	**31**	70
Long-term debt	**926**	1,283	**3,170**	3,794
Total Interest Expense	**1,719**	2,414	**5,623**	7,430
Net interest income	**2,363**	2,093	**6,825**	5,919
Provision for loan losses	**208**	140	**997**	418
Net interest income after provision loan losses	**2,155**	1,953	**5,828**	5,501
Other income				
Service fees	**336**	340	**941**	911
Wealth management fees	**92**	102	**304**	361
Net realized gains on sales of securities	**671**	64	**1,354**	89
Mortgage banking income	**159**	55	**594**	160
Other	**109**	87	**290**	268
Total Other Income	**1,367**	648	**3,483**	1,789
Other Expense				
Salaries and benefits	**933**	938	**2,751**	2,659
Occupancy and equipment	**324**	315	**1,057**	984
Professional fees	**132**	126	**403**	352
FDIC assessment	**90**	31	**417**	51
Pre-payment penalties	**638**	0	**638**	0
Other operating	**533**	427	**1,578**	1,304
Total Other Expenses	**2,650**	1,837	**6,844**	5,350
Income before income taxes	**872**	764	**2,467**	1,940
Federal income taxes	**224**	208	**638**	499
Net income	**$648**	$556	**$1,829**	$1,441
Basic earnings per share	**$0.21**	$0.18	**$0.60**	$0.47
Weighted average shares outstanding	**3,066,944**	3,073,174	**3,066,944**	3,070,753
Dividends paid	**$0.16**	$0.15	**$0.16**	$0.15

DIRECTORS AND OFFICERS

DIRECTORS

Edward J. McElmoyle
Roger N. Nanovic, II
Cathryn J. Porambo
Harold A. Queen
William R. Reabold
Patrick H. Reilly
James E. Smith, Jr.
Charles E. Wildoner

TAMAQUA ADVISORY BOARD

Kevin Bailey
Dr. Joanne Calabrese
Michael W. Fegley
Thomas R. Lisella
Todd Miller
Joseph Pilla
Brian Seitz
Tammy A. Swinburne

OFFICERS

Charles E. Wildoner, Chairman of Board
Harold A. Queen, Vice Chairman
Patrick H. Reilly, President/Chief Executive Officer
Roger N. Nanovic, II, Vice President
Edward J. McElmoyle, Secretary/Treasurer
Denise M. Rautzhan, Assistant Treasurer
Joanne Uhrie, Assistant Secretary

SOLICITOR

Nanovic Law Offices

LOCATIONS

MAIN OFFICE

1111 North Street, Jim Thorpe, PA 18229

BRANCH OFFICES

Lehighton
Blakeslee Boulevard, Lehighton, PA 18235

Jim Thorpe
Railroad Station, Jim Thorpe, PA 18229

Pine Point
Pine Point Plaza, Albrightsville, PA 18210

Redner's Warehouse Market
Nesquehoning, PA 18240

Hometown
226 Claremont Avenue, Tamaqua, PA 18252

WEALTH MANAGEMENT SERVICES

Mauch Chunk Trust Plaza
Jim Thorpe, PA 18229

MCT
Mauch Chunk
Trust Company
Neighbors you know, bankers you trust.