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## **Mars Bancorp, Inc. Announces Earnings**

MARS, PENNSYLVANIA – Mars Bancorp, Inc. (OTCQX: MNBP) (the “Company”) announced today that for the nine months ended September 30, 2018, the Company earned \$1,287,000 as compared to \$972,000 for the same period in the prior year, an increase of \$315,000 or 32.3%.

The increase in earnings was primarily due to an increase in net-interest income of \$478,000, higher non-interest income of \$160,000, and \$96,000 less in provision for loan losses. This was partially offset by an increase in non-interest expense of \$479,000.

Net interest income increased by \$478,000 or 6.3% for the nine months ended September 30, 2018, as compared to the same period in 2017. This was primarily due to increases in interest income on loans of \$406,000, investment securities of \$200,000, interest-bearing deposits with banks of \$161,000 and a decrease in borrowing costs of \$59,000 which was partially offset by an increase in deposit interest expense of \$348,000. The increase in interest income on loans was primarily related to higher average loan receivables of \$2.5 million and the increase in interest income on investment securities was primarily due to market rate increases. The increase in interest income on interest-bearing deposits with banks was primarily related to higher average balances of \$9.2 million and higher yields earned due to the increases in the Federal Funds rate over the past year. The increase in deposit costs of \$348,000 was primarily related to deposit rate increases resulting from the market rate increases. The net interest spread and net interest margin were 2.79% and 2.94% for the nine months ended September 30, 2018, respectively, as compared to 2.77% and 2.87% for the same period in the prior year, respectively.

Loans outstanding increased by \$1.5 million, or 0.6% to \$247.5 million at September 30, 2018, as compared to \$246.0 million at December 31, 2017. Deposits increased by \$3.8 million, or 1.1% to \$340.6 million at September 30, 2018, as compared to \$336.8 million at December 31, 2017.

The provision for loan losses totaled \$3,000 for the nine months ended September 30, 2018, as compared to \$99,000 for the same period in the prior year. The Company’s credit quality position at September 30, 2018 remained very strong as evidenced by delinquencies at 0.02% of total loans, nonaccrual loans at 0.03% of total loans, and the allowance for loan losses at 1.03% of total loans.

Non-interest income increased by \$160,000 or 11.0% for the nine months ended September 30, 2018, as compared to the same period in 2017. The primary reasons for this increase were higher residential mortgage sale and processing income of \$90,000, ATM/Debit Card related income of

\$52,000, and Federal Home Loan Bank stock dividends of \$24,000. These increases were partially offset by lower service charges on deposits including NSF fees of \$6,000.

Non-interest expense increased by \$479,000 or 6.2% for the nine months ended September 30, 2018, as compared to the same period in 2017, primarily related to increases in salary and benefit costs of \$385,000, occupancy expense of \$42,000, equipment expense of \$37,000, marketing expense of \$35,000, consulting expense of \$26,000, computer service expense of \$17,000 and ATM/Debit Card processing expense of \$10,000. These increases were partially offset by lower corporate insurance expenses of \$49,000, regulatory assessment costs of \$23,000 and appraisal expense of \$13,000.

The Company recognized income tax expense of \$186,000 for the nine months ended September 30, 2018, as compared to \$246,000 for the same period in the prior year.

Following are additional highlights related to the financial performance of the Company.

## FINANCIAL HIGHLIGHTS

	2018	2017	Change
<b>For the Nine Months Ended September 30,</b>			
(dollars in thousands, except per share data; unaudited)			
<b>EARNINGS</b>			
Net interest income	\$8,064	\$ 7,586	6.3%
Provision for loan losses	3	99	n/m
Non-interest income	1,614	1,454	11.0%
Non-interest expense	8,202	7,723	6.2%
Income tax expense	186	246	-24.4%
Net income	1,287	972	32.3%
<b>SHARE DATA</b>			
Earnings per share	\$ 16.09	\$ 12.16	32.3%
<b>PERFORMANCE RATIOS</b>			
Return on average assets	0.44%	0.34%	10bps
Return on average equity	5.08%	3.74%	134bps
Net interest margin	2.94%	2.87%	7bps
Efficiency ratio	84.74%	85.43%	-69bps
<b>At September 30, and December 31,</b>			
(dollars in millions, except per share data; unaudited)			
<b>BALANCE SHEET</b>			
Assets	\$393.9	\$391.5	0.6%
Loans	247.5	246.0	0.6%
Deposits	340.6	336.8	1.1%
Stockholders' equity	33.7	34.6	-2.5%
<b>CAPITAL</b>			
Book value per share	\$421.78	\$432.53	-2.5%
Total risk-based capital ratio	16.31%	16.26%	5bps
<b>CREDIT QUALITY</b>			
Delinquent loans	\$ 0.05	\$ 0.21	n/m
Nonaccrual loans	0.07	0.06	n/m
Delinquent loans/loans	0.02%	0.08%	-6bps
Nonaccrual loans/loans	0.03%	0.02%	1bp
Allowance for loan losses/loans	1.03%	1.04%	-1bp

n/m – not meaningful