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Mars Bancorp, Inc. Announces Earnings

MARS, PENNSYLVANIA – Mars Bancorp, Inc. (OTCQX: MNBP) (the “Company”) announced today that for the six months ended June 30, 2019, the Company earned \$800,000 as compared to \$784,000 for the same period in the prior year, an increase of \$16,000 or 2.1%

The increase in earnings was primarily due to an increase in net interest income of \$159,000 and non-interest income of \$23,000. This was partially offset by an increase in non-interest expense of \$164,000 and income tax expense of \$4,000.

Net interest income grew by \$159,000 or 3.0% for the six months ended June 30, 2019, as compared to the same period in 2018. This was primarily due to increases in interest income on loans of \$348,000, interest-bearing deposits with banks of \$120,000 and investment securities of \$85,000 which was partially offset by higher deposit interest expense of \$361,000 and borrowing costs of \$33,000. The increase in interest income on loans was primarily related to higher average loan receivables of \$4.5 million and higher yields earned as a result of short-term market rate increases. The increase in interest income on interest-bearing deposits with banks was primarily related to higher average balances of \$4.4 million and higher yields earned due to increases in the Federal Funds rate over the past year. The higher interest income on investment securities was primarily due to market rate increases. The increase in deposit and borrowing costs of \$361,000 and \$33,000, respectively, were primarily related to deposit and borrowing rate increases resulting from market rate increases.

The net interest spread and net interest margin were 2.77% and 3.01% for the six months ended June 30, 2019, respectively, as compared to 2.79% and 2.93% for the same period in the prior year, respectively.

Loans outstanding increased by \$12.4 million, or 5.0% to \$259.7 million at June 30, 2019, as compared to \$247.3 million at December 31, 2018. Deposits decreased by \$0.4 million, or 0.1% to \$340.1 million at June 30, 2019, as compared to \$340.5 million at December 31, 2018.

There was no provision for loan losses for the six months ended June 30, 2019, as compared to \$2,000 for the same period in the prior year. The Company’s credit quality position at June 30, 2019, remained very strong as evidenced by delinquencies at less than 0.01% of total loans, nonaccrual loans at 0.03% of total loans, and the allowance for loan losses at 0.99% of total loans.

Non-interest income increased by \$23,000 or 2.2% for the six months ended June 30, 2019, as compared to the same period in 2018. The primary reasons for this increase were higher Bank Owned Life Insurance dividends of \$25,000 and restricted investments in bank stock dividends of \$12,000. These increases were partially offset by lower residential mortgage sale and processing income of \$10,000 and lower service charges on deposits including NSF fees of \$8,000.

Non-interest expense increased by \$164,000 or 3.0% for the six months ended June 30, 2019, as compared to the same period in 2018, primarily related to increases in equipment expense of \$27,000, occupancy expense of \$23,000, computer services of \$17,000, audit expense of \$16,000, consulting expense of \$14,000, marketing expense of \$13,000, education/seminar expense of \$9,000 and mailing expense of \$9,000.

The Company recognized income tax expense of \$110,000 for the six months ended June 30, 2019, as compared to \$106,000 for the same period in the prior year.

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

FINANCIAL HIGHLIGHTS

	<u>2019</u>	<u>2018</u>	<u>Change</u>
For the Six Months Ended June 30,			
(dollars in thousands, except per share data; unaudited)			
EARNINGS			
Net interest income	\$5,477	\$5,318	3.0%
Provision for loan losses	-	2	n/m
Non-interest income	1,063	1,040	2.2%
Non-interest expense	5,630	5,466	3.0%
Income tax expense	110	106	3.8%
Net income	800	784	2.1%
SHARE DATA			
Earnings per share	\$ 10.00	\$ 9.80	2.1%
PERFORMANCE RATIOS			
Return on average assets	0.41%	0.40%	1bps
Return on average equity	4.54%	4.67%	-13bps
Net interest margin	3.01%	2.93%	8bps
Efficiency ratio	86.08%	85.97%	11bps
At June 30, and December 31,			
(dollars in millions, except per share data; unaudited)			
BALANCE SHEET			
Assets	\$392.9	\$396.9	-1.0%
Loans	259.7	247.3	5.0%
Deposits	340.1	340.5	-0.1%
Stockholders' equity	36.9	35.0	5.4%
CAPITAL			
Book value per share	\$461.35	\$437.83	5.4%
Total risk-based capital ratio	15.97%	16.61%	-64bps
CREDIT QUALITY			
Delinquent loans	\$ -	\$ 0.1	n/m
Nonaccrual loans	0.1	0.1	n/m
Delinquent loans/loans	-	0.05%	-5bps
Nonaccrual loans/loans	0.03%	0.03%	-
Allowance for loan losses/loans	0.99%	1.04%	-5bps

n/m – not meaningful