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Mars Bancorp, Inc. Announces Earnings

MARS, PENNSYLVANIA – Mars Bancorp, Inc. (OTCQX: MNBP) (the “Company”) announced today that for the year ended December 31, 2019, the Company earned \$1,833,000 as compared to \$1,803,000 for the same period in the prior year, an increase of \$30,000 or 1.7%.

Net interest income increased by \$196,000 or 1.8% for the year ended December 31, 2019, as compared to the same period in 2018. This was primarily due to increases in interest income on loans of \$742,000, investment securities of \$178,000, interest-bearing deposits with banks of \$40,000 which was partially offset by an increase in deposit interest expense of \$719,000 and an increase in borrowings costs of \$45,000. The increase in interest income on loans was primarily related to higher average loan receivables of \$9.7 million and higher yields earned. 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 due to higher yields earned. The increase in deposit costs of \$719,000 was primarily related to deposit rate increases resulting from market rate increases. The net interest spread, and net interest margin were 2.72% and 2.98% for the year ended December 31, 2019, respectively, as compared to 2.78% and 2.94% for the same period in the prior year, respectively.

Loans outstanding increased by \$22.8 million, or 9.2% to \$270.1 million at December 31, 2019, as compared to \$247.3 million at December 31, 2018. Deposits increased by \$12.0 million, or 3.5% to \$352.5 million at December 31, 2019, as compared to \$340.5 million at December 31, 2018.

The provision for loan losses totaled \$15,000 for the year ended December 31, 2019, as compared to \$4,000 for the same period in the prior year. The Company’s credit quality position at December 31, 2019, remained very strong as evidenced by delinquencies at 0.02% of total loans, nonaccrual loans at 0.02% of total loans, and the allowance for loan losses at 0.95% of total loans.

Non-interest income increased by \$207,000 or 9.7% for the year ended December 31, 2019, as compared to the same period in 2018. The primary reasons for this increase were higher residential mortgage sale and processing income of \$162,000, Federal Home Loan Bank stock dividends of \$21,000 and insurance services income of \$12,000. These increases were partially offset by lower ATM/Debit Card related income of \$11,000 and service charges on deposits including NSF fees of \$8,000.

Non-interest expense increased by \$352,000 or 3.2% for the year ended December 31, 2019, as compared to the same period in 2018, primarily related to increases in mortgage commissions paid, salaries and healthcare benefit costs of \$152,000, equipment expense of \$77,000, core conversion consulting expense of \$62,000, computer service expense of \$50,000, audit expense of \$18,000 and ATM/Debit Card processing expense of \$12,000. These increases were partially offset by lower FDIC costs of \$93,000, occupancy costs of \$32,000 and advertising expense of \$21,000. The lower FDIC

costs was due to a small bank assessment credit received by the FDIC to be applied to the Company's FDIC assessments starting in June 2019.

The Company recognized income tax expense of \$280,000 for the year ended December 31, 2019, as compared to \$270,000 for the same period in the prior year.

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

FINANCIAL HIGHLIGHTS

	2019	2018	Change
For the Twelve Months Ended December 31,			
(dollars in thousands, except per share data; unaudited)			
EARNINGS			
Net interest income	\$11,007	\$ 10,811	1.8%
Provision for loan losses	15	4	n/m
Non-interest income	2,347	2,140	9.7%
Non-interest expense	11,226	10,874	3.2%
Income tax expense	280	270	3.7%
Net income	1,833	1,803	1.7%
SHARE DATA			
Earnings per share	\$ 22.91	\$ 22.54	1.7%
PERFORMANCE RATIOS			
Return on average assets	0.46%	0.46%	-
Return on average equity	5.02%	5.32%	-30bps
Net interest margin	2.98%	2.94%	4bps
Efficiency ratio	84.06%	83.96%	10bps
At December 31,			
(dollars in millions, except per share data; unaudited)			
BALANCE SHEET			
Assets	\$407.7	\$396.9	2.7%
Loans	270.1	247.3	9.2%
Deposits	352.5	340.5	3.5%
Stockholders' equity	37.6	35.0	7.2%
CAPITAL			
Book value per share	\$469.50	\$437.83	7.2%
Total risk-based capital ratio	16.02%	16.61%	-59bps
CREDIT QUALITY			
Delinquent loans	\$ 0.1	\$ 0.1	n/m
Nonaccrual loans	0.1	0.1	n/m
Delinquent loans/loans	0.02%	0.05%	-3bps
Nonaccrual loans/loans	0.02%	0.03%	-1bp
Allowance for loan losses/loans	0.95%	1.04%	-9bp

n/m – not meaningful