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Mars Bancorp, Inc. Announces Earnings

MARS, PENNSYLVANIA – Mars Bancorp, Inc. (OTCQX: MNBP) (the “Company”) announced today that for the three months ended March 31, 2022, the Company earned \$274,000 as compared to \$526,000 for the same period in the prior year, a decrease of \$252,000 or -47.8%.

Interest income totaled \$3,197,000 for the three months ended March 31, 2022, compared to \$3,147,000 for the same three-month period in 2021, an increase of \$50,000. This was primarily due to increases in interest income on investment securities of \$138,000. The increase was partially offset by a decrease in interest income on loans of \$88,000. The increase in investment security interest income was primarily related to higher average investment security balances that were partially offset by lower yields earned. The decrease in interest income on loans was primarily related to lower yields earned.

Interest expense totaled \$58,000 for the three months ended March 31, 2022, compared to \$158,000 for the same three-month period in 2021, a decrease of \$100,000. This was primarily due to decreases in interest expense from lower deposit costs of \$69,000 and lower borrowings costs of \$31,000. The decrease in deposit costs was primarily related to lower rates paid on deposits resulting from market rate decreases and reduced borrowing costs related to lower average borrowings outstanding and lower rates paid on borrowings.

As a result, net interest income increased by \$150,000 or 5.0% for the three months ended March 31, 2022, compared to the same period in 2021.

The net interest spread and net interest margin were 2.69% and 2.71% for the three months ended March 31, 2022, respectively, compared to 2.69% and 2.76% for the same period in the prior year.

Loans outstanding increased by \$10.8 million, or 3.8%, to \$291.8 million at March 31, 2022, compared to \$281.0 million at December 31, 2021. Deposits decreased by \$5.5 million, or 1.2%, to \$457.9 million at March 31, 2022, compared to \$463.4 million at December 31, 2021.

There was no provision for loan losses for the three months ended March 31, 2022, compared to a \$36,000 provision for the same period in the prior year. The Company’s credit quality position at March 31, 2022, remained very strong, as evidenced by delinquencies at 0.05% of total loans, nonaccrual loans at 0.01% of total loans, and the allowance for loan losses at 1.01% of total loans.

Non-interest income decreased by \$314,000 or 45.9% for the three months ended March 31, 2022, as compared to the same period in 2021. The primary reasons for this decrease were lower residential

mortgage sale and processing income of \$157,000, lower net gain on sales of available for sale securities of \$92,000, and lower Federal Home Loan Bank of Pittsburgh stock dividends of \$13,000.

Non-interest expense increased by \$196,000 or 6.5% for the three months ended March 31, 2022, as compared to the same period in 2021, primarily related to increases in employee salaries of \$162,000, employee benefit costs of \$24,000, equipment expense of \$21,000, mortgage related costs of \$14,000, and office supplies costs of \$13,000. These increases were partially offset by lower advertising costs of \$31,000, computer processing costs of \$27,000, and occupancy costs of \$13,000.

The Company recognized income tax expense of \$4,000 for the three months ended March 31, 2022, as compared to \$76,000 for the same period in the prior year.

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

FINANCIAL HIGHLIGHTS

	<u>2022</u>	<u>2021</u>	<u>Change</u>
For the Three Months Ended March 31,			
(dollars in thousands, except per share data; unaudited)			
EARNINGS			
Net interest income	\$3,139	\$2,989	5.0%
Provision for loan losses	-	36	n/m
Non-interest income	370	684	-45.9%
Non-interest expense	3,231	3,035	6.5%
Income tax expense	4	76	n/m
Net income	274	526	-47.8%
SHARE DATA			
Earnings per share	\$ 0.17	\$ 0.33	-47.8%
PERFORMANCE RATIOS			
Return on average assets	0.22%	0.45%	-23bps
Return on average equity	3.00%	5.32%	-232bps
Net interest margin	2.71%	2.76%	-5bps
Efficiency ratio	92.07%	82.64%	943bps
At March 31, and December 31,			
(dollars in millions, except per share data; unaudited)			
BALANCE SHEET			
Assets	\$494.5	\$505.2	-2.1%
Loans	291.8	281.0	3.8%
Deposits	457.9	463.4	-1.2%
Stockholders' equity	31.6	38.7	-18.5%
CAPITAL			
Book value per share	\$19.74	\$24.22	-18.5%
Total risk-based capital ratio	15.17%	15.91%	-74bps
CREDIT QUALITY			
Delinquent loans	\$ 0.05	\$ 0.04	35.1%
Nonaccrual loans	0.04	0.10	-2.8%
Delinquent loans/loans	0.05%	0.04%	1bp
Nonaccrual loans/loans	0.01%	0.01%	-
Allowance for loan losses/loans	1.01%	1.05%	-4bps

n/m – not meaningful