



Mars National Bank

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Mars National Bank Announces Earnings

MARS, PENNSYLVANIA – Mars National Bank (OTCQB: MNBP) announced today that for the three months ended March 31, 2013, the Bank earned \$390,000 as compared to \$187,000 for the same period in the prior year, an increase of \$203,000 or 108.9%. This increase primarily relates to the unanticipated payoff of a large non-accrual loan which resulted in significant interest income being recognized during the period. This increase was partially offset by generally flat interest rates, declining net interest margins, continued growth in liquidity, a weak economy, limited commercial lending opportunities and higher regulatory and operating costs.

Net interest income increased \$239,000 or 10.2%, this increase primarily relates to the significant income recognized from the aforementioned payoff of a non-accrual loan, new and refinanced loans originations and lower rates paid on deposit products. The increase was partially offset by continued maturities and calls of investment securities reinvested at lower yields. Net interest spread and net interest margin equaled 3.37% and 3.46% at March 31, 2013, respectively, as compared to 2.96% and 3.13%, respectively, in 2012. Loans outstanding declined to \$138.5 million at March 31, 2013 as compared to \$144.8 at December 31, 2012 while deposits grew to \$313.3 million at March 31, 2013 from \$306.6 million at December 31, 2012.

There was no provision for loan losses recorded for the three months ended March 31, 2013 and \$15,000 recorded for the same period in 2012. This was reflective of the Bank's strong credit quality position at March 31, 2013 with delinquencies at 0.11% of total loans and the allowance for loan losses to loans coverage at 1.48%.

Non-interest income was higher by \$236,000 for the three months ended March 31, 2013. This reflects gains on sales of residential mortgages originated for sale and higher investment services income.

Non-interest expense increased by \$391,000 or 15.7% for the three months ended March 31, 2013, primarily related to increased personnel costs in the commercial lending, credit, and mortgage origination departments, non-recurring expenses associated with the restructuring of the Bank's operations functions and increased marketing activities.

The Bank recognized a tax benefit of \$95,000 for the three months ended March 31, 2013 as compared to a tax expense of \$9,000 for the same period in the prior year.

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

FINANCIAL HIGHLIGHTS

	2013	2012	Change
For the Three Months Ended March 31,			
(dollars in thousands, except per share data; unaudited)			
EARNINGS			
Net interest income	\$2,591	\$2,352	10.2%
Provision for loan losses	-	15	n/m
Non-interest income	596	360	65.7%
Non-interest expense	2,892	2,501	15.7%
Income tax (benefit) expense	(95)	9	n/m
Net income	390	187	108.9%
SHARE DATA			
Earnings per share	\$4.87	\$2.33	108.9%
PERFORMANCE RATIOS			
Return on average assets	0.46%	0.22%	24bps
Return on average equity	4.30%	2.02%	228bps
Net interest margin	3.46%	3.13%	33bps
Efficiency ratio	90.74%	92.23%	-149bps
At March 31 and December 31,			
(dollars in millions, except per share data; unaudited)			
BALANCE SHEET			
Assets	\$351.0	\$344.8	1.8%
Loans	138.5	144.8	-4.4%
Deposits	313.3	306.6	2.2%
Stockholders' equity	36.8	36.9	-0.4%
CAPITAL			
Book value per share	\$459.74	\$461.50	- 0.4%
Total risk-based capital ratio	21.50%	21.53%	-3bps
CREDIT QUALITY			
Delinquent loans	\$0.3	\$0.5	-25.0%
Nonaccrual loans	2.1	2.3	-5.3%
Delinquent loans/loans	0.11%	0.23%	-12bps
Nonaccrual loans/loans	1.54%	1.56%	-2bps
Allowance for loan losses/loans	1.48%	1.42%	6bps

n/m – not meaningful