



# Mars National Bank

P.O. Box 927 | Mars, PA 16046 | 724-625-1555 | [www.MarsBank.com](http://www.MarsBank.com)

February 8, 2014

## **Mars National Bank Announces Earnings**

MARS, PENNSYLVANIA – Mars National Bank (OTCQB: MNBK) announced today that for the twelve months ended December 31, 2013, the Bank earned \$1,177,000 as compared to \$1,229,000 for the same period in the prior year, a decrease of \$52,000 or -4.3%. The decrease in earnings primarily relates to generally flat interest rates, declining yields on earning assets and higher regulatory and operating costs. This decrease is partially offset by growth in residential mortgage and commercial loan originations and the unanticipated payoff of a large non-accrual loan which resulted in significant interest income being recognized during the period.

Net interest income increased by \$145,000 or 1.6% for the twelve months ended December 31, 2013 as compared to the same period in 2012. This increase primarily relates to the significant income recognized from the aforementioned payoff of a non-accrual loan, new and refinanced residential mortgage and commercial loan originations and lower rates paid on deposit products. The increase in net interest income was partially offset by continued maturities and calls of investment securities reinvested at lower yields. Net interest spread and net interest margin equaled 2.96% and 3.05% at December 31, 2013, respectively, as compared to 2.96% and 3.10%, respectively, in 2012.

Loans outstanding grew to \$166.5 million or 15.0% at December 31, 2013 as compared to \$144.8 at December 31, 2012 while deposits decreased to \$302.6 million or -1.3% at December 31, 2013 compared to \$306.6 million at December 31, 2012.

There was no provision for loan losses recorded for the twelve months ended December 31, 2013 and \$15,000 recorded for the same period in 2012. This was reflective of the Bank's strong credit quality position at December 31, 2013 with delinquencies at 0.09% of total loans and the allowance for loan losses to loans coverage at 1.15%.

Non-interest income was higher by \$632,000 or 30.6% for the twelve months ended December 31, 2013. This reflects gains on sales of residential mortgages originated for sale and higher investment services income.

Non-interest expense increased by \$948,000 or 9.3% for the twelve months ended December 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 and retail banking functions and increased marketing activities.

The Bank recognized a tax benefit of \$209,000 for the twelve months ended December 31, 2013 as compared to \$105,000 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
<b>For the Year Ended December 31,</b>			
(dollars in thousands, except per share data; unaudited)			
<b>EARNINGS</b>			
Net interest income	\$9,413	\$9,268	1.6%
Provision for loan losses	-	15	n/m
Non-interest income	2,699	2,067	30.6%
Non-interest expense	11,144	10,196	9.3%
Income tax benefit	(209)	(105)	n/m
Net income	1,177	1,229	-4.3%
<b>SHARE DATA</b>			
Earnings per share	\$14.71	\$15.36	-4.2%
<b>PERFORMANCE RATIOS</b>			
Return on average assets	0.34%	0.36%	-2bps
Return on average equity	3.33%	3.32%	1bps
Net interest margin	3.05%	3.10%	-5bps
Efficiency ratio	92.01%	89.95%	206bps
<b>At December 31,</b>			
(dollars in millions, except per share data; unaudited)			
<b>BALANCE SHEET</b>			
Assets	\$346.5	\$344.8	0.5%
Loans	166.5	144.8	15.0%
Deposits	302.6	306.6	-1.3%
Stockholders' equity	33.2	36.9	-10.1%
<b>CAPITAL</b>			
Book value per share	\$414.96	\$461.50	-10.1%
Total risk-based capital ratio	18.42%	21.53%	-311bps
<b>CREDIT QUALITY</b>			
Delinquent loans	\$0.3	\$0.5	-35.3%
Nonaccrual loans	2.3	2.3	1.7%
Delinquent loans/loans	0.09%	0.23%	-14bps
Nonaccrual loans/loans	1.38%	1.56%	-18bps
Allowance for loan losses/loans	1.15%	1.42%	-27bps

n/m – not meaningful