

Melrose Bancorp, Inc.

Reports Second Quarter 2019 Financial Results

Melrose, MA, July 31, 2019. Melrose Bancorp, Inc. (OTC: MELR) (“Company”), the parent holding company of Melrose Bank (“Bank”), today announced its results of operations for the three months and six months ended June 30, 2019 and 2018.

The Company’s net income for the three months ended June 30, 2019 was \$256,000, or \$0.12 per diluted share, compared to net income of \$376,000, or \$0.16 per diluted share, for the same period in 2018. The decrease in net income included an increase in non-interest expense of \$126,000, or 9.0%, a decrease in non-interest income of \$101,000, or 55.5%, and a decrease in net interest and dividend income of \$8,000, or .4%, partly offset by a decrease of \$67,000, or 50.8%, in the provision for loan losses and a decrease of \$48,000, or 39.0%, in income tax expense.

The Company’s net income for the six months ended June 30, 2019 was \$584,000, or \$0.26 per diluted share, compared to net income of \$859,000, or \$0.36 per diluted share, for the same period in 2018. The decrease in net income included an increase in non-interest expense of \$314,000, or 11.5%, a decrease in non-interest income of \$84,000, or 24.1% and a decrease in net interest and dividend income of \$74,000, or 2.0%, partly offset by a decrease of \$77,000, or 44.5%, in the provision for loan losses and a decrease of \$120,000, or 39.6% in income tax expense.

Total assets increased \$17.7 million to \$341.7 million at June 30, 2019, compared to \$324.0 million at December 31, 2018, resulting from increases in cash and cash equivalents, interest-bearing time deposit with other banks, and net loans.

Loans, net of the allowance for loan losses at June 30, 2019, were \$272.9 million compared to \$268.2 million at December 31, 2018, an increase of \$4.7 million or 1.8%. Total deposits at June 30, 2019, were \$262.0 million compared to \$244.0 million at December 31, 2018, an increase of \$17.9 million or 7.4%.

At June 30, 2019, the Company’s stockholders’ equity was \$40.7 million compared to \$42.2 million at December 31, 2018, a decrease of \$1.5 million or 3.6%. All of the Company’s capital ratios are well in excess of the amount required for a bank holding company to be considered “well capitalized”.

Melrose Bancorp shares can be bought and sold through the NASD sanctioned “OTC Markets” under the trading symbol MELR. Shares may be traded through an individual broker. For more information, please refer to the “Investor Relations” section of the Bank’s website at melrosebank.com or contact the Company’s President and CEO, Jeffrey Jones.

This release may contain forward-looking statements within the meaning of the federal securities laws. These statements are not historical facts; rather, they are statements based on the Company’s current expectations regarding its business strategies and their intended results and its future performance. Forward-looking statements are preceded by terms such as “expects”, “believes”, “anticipates”, “intends” and similar expressions.

Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties could cause or contribute to the Company’s actual results, performance and achievements to be materially different from those expressed or implied by the forward-looking statements. Factors that may cause or contribute to these differences include, without limitation, general economic conditions, including changes in market interest rates and changes in monetary and fiscal policies of the federal government, legislative and regulatory changes.

Because of the risk and uncertainties inherent in forward-looking statements, readers are cautioned not to place undue reliance on them, whether included in this report or made elsewhere from time to time by the Company or on its behalf. Except as may be required by applicable law or regulation, the Company assumes no obligation to update any forward-looking statements.

Melrose Bancorp, Inc.
Consolidated Financial Highlights
(Dollars in Thousands, Except Per Share Data)

	For the Three Months Ended		For the Six Months Ended	
	6/30/19	6/30/18	6/30/19	6/30/18
	(Unaudited)			
Operating Data:				
Total interest income	\$ 3,050	\$ 2,646	\$ 5,960	\$ 5,150
Total interest expense	1,212	800	2,329	1,445
Net interest income	1,838	1,846	3,631	3,705
Provision for loan losses	65	132	96	173
Net interest income after provision for loan losses	1,773	1,714	3,535	3,532
Total non-interest income	81	182	265	349
Total non-interest expense	1,523	1,397	3,033	2,719
Income before income taxes	331	499	767	1,162
Income tax expense	75	123	183	303
Net income	<u>\$ 256</u>	<u>\$ 376</u>	<u>\$ 584</u>	<u>\$ 859</u>
Per Share Information:				
Net income per share, basic	\$ 0.12	\$ 0.16	\$ 0.26	\$ 0.36
Average common shares outstanding, basic	2,128,233	2,386,769	2,220,699	2,386,528
Net income per share, diluted	\$ 0.12	\$ 0.16	\$ 0.26	\$ 0.36
Average common shares outstanding, diluted	2,152,297	2,419,466	2,245,078	2,417,415
Basic tangible book value per share	\$ 19.10	\$ 17.03	\$ 18.31	\$ 17.04
Performance ratios (annualized for 3 and 6 month period):				
Return on average assets	0.31%	0.48%	0.31%	0.28%
Return on average stockholders' equity	2.52%	2.28%	2.41%	2.28%
Efficiency ratio	79.36%	68.89%	77.85%	67.07%
Interest rate spread	2.04%	2.22%	2.14%	2.28%
Net interest margin	2.31%	2.44%	2.39%	2.47%

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	June 30, 2019	December 31, 2018
	(Unaudited)	
Financial Condition Data:		
Total assets	\$ 341,688	\$ 323,954
Securities, including FHLB stock	28,641	28,119
Loans receivable, net of allowance for loan losses of \$1,419 and \$1,323, respectively	272,851	268,211
Deposits	261,999	244,056
Borrowings	39,000	34,000
Total liabilities	301,033	278,739
Stockholders' equity	40,655	42,215
Balance Sheet Ratios:		
Securities, including FHLB stock as a percent of total assets	8.38%	8.68%
Loans receivable, net of allowance as a percent of deposits	104.14%	109.90%
Tangible common equity as a percent of tangible assets	11.90%	13.03%
Asset Quality Data:		
Nonaccrual loans	177	348
Accruing loans past due 90 days or more	-	-
Asset Quality Ratios:		
Nonperforming assets as a percent of total assets	0.05%	0.11%
Nonperforming loans as a percent of total assets	0.05%	0.11%
Nonperforming loans as a percent of total loans	0.06%	0.13%
Net chargeoffs as a percent of average loans	0.00%	0.00%
Allowance for loan losses as a percent of total loans	0.52%	0.49%
Allowance for loan losses as a percent of nonperforming loans	801.69%	382.37%
Regulatory Capital Ratios (Bank only):		
Total capital (to risk-weighted assets)	15.01%	17.86%
Tier 1 capital (to risk-weighted assets)	14.33%	17.26%
Tier 1 capital (to average assets)	9.40%	12.17%
Common Equity Tier 1 capital (to risk-weighted assets)	14.33%	17.26%