

Melrose Bancorp, Inc.

Reports Third Quarter 2019 Financial Results

Melrose, MA, October 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 nine months ended September 30, 2019 and 2018.

The Company’s net income for the three months ended September 30, 2019 was \$207,000, or \$0.10 per diluted share, compared to net income of \$442,000, or \$0.18 per diluted share, for the same period in 2018. The decrease in net income included an increase in non-interest expense of \$153,000, or 11.3%, an increase in the provision for losses of \$25,000, or 47.2%, a decrease in non-interest income of \$65,000, or 43.6%, and a decrease in net interest and dividend income of \$69,000, or 3.7%, partly offset by a decrease of \$77,000, or 49.0%, in income tax expense.

The Company’s net income for the nine months ended September 30, 2019 was \$792,000, or \$0.36 per diluted share, compared to net income of \$1.3 million, or \$0.54 per diluted share, for the same period in 2018. The decrease in net income included an increase in non-interest expense of \$435,000, or 10.6%, a decrease in non-interest income of \$146,000, or 29.4% and a decrease in net interest and dividend income of \$174,000, or 3.1%, partly offset by a decrease of \$49,000, or 21.9%, in the provision for loan losses and a decrease of \$197,000, or 42.8% in income tax expense.

Total assets increased \$16.8 million to \$340.8 million at September 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, partly offset by a decrease in available-for-sale debt securities.

Loans, net of the allowance for loan losses at September 30, 2019, were \$279.9 million compared to \$268.2 million at December 31, 2018, an increase of \$11.7 million or 4.4%. Total deposits at September 30, 2019, were \$270.1 million compared to \$244.0 million at December 31, 2018, an increase of \$26.1 million or 10.7%.

At September 30, 2019, the Company’s stockholders’ equity was \$40.6 million compared to \$42.2 million at December 31, 2018, a decrease of \$1.6 million or 3.7%. 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 Nine Months Ended	
	9/30/19	9/30/18	9/30/19	9/30/18
	(Unaudited)			
Operating Data:				
Total interest income	\$ 3,126	\$ 2,812	\$ 9,086	\$ 7,994
Total interest expense	1,337	954	3,665	2,399
Net interest income	1,789	1,858	5,421	5,595
Provision for loan losses	78	53	175	224
Net interest income after provision for loan losses	1,711	1,805	5,246	5,371
Total non-interest income	84	149	350	496
Total non-interest expense	1,508	1,355	4,541	4,106
Income before income taxes	287	599	1,055	1,761
Income tax expense	80	157	263	460
Net income	<u>\$ 207</u>	<u>\$ 442</u>	<u>\$ 792</u>	<u>\$ 1,301</u>
Per Share Information:				
Net income per share, basic	\$ 0.10	\$ 0.19	\$ 0.36	\$ 0.55
Average common shares outstanding, basic	2,109,084	2,378,294	2,181,483	2,377,858
Net income per share, diluted	\$ 0.10	\$ 0.18	\$ 0.36	\$ 0.54
Average common shares outstanding, diluted	2,129,208	2,411,000	2,204,400	2,407,997
Basic tangible book value per share	\$ 19.27	\$ 18.92	\$ 18.63	\$ 18.93
Performance ratios (annualized for 3 and 9 month period):				
Return on average assets	0.25%	0.56%	0.32%	0.55%
Return on average stockholders' equity	2.04%	3.94%	2.52%	3.86%
Efficiency ratio	80.51%	67.51%	78.69%	67.41%
Interest rate spread	1.91%	2.15%	2.01%	2.25%
Net interest margin	2.19%	2.40%	2.29%	2.46%

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	September 30, 2019	December 31, 2018
	(Unaudited)	
Financial Condition Data:		
Total assets	\$ 340,813	\$ 323,954
Securities, including FHLB stock	26,259	28,119
Loans receivable, net of allowance for loan losses of \$1,498 and \$1,323, respectively	279,945	268,211
Deposits	270,134	244,056
Borrowings	30,000	34,000
Total liabilities	300,166	278,739
Stockholders' equity	40,647	42,215
Balance Sheet Ratios:		
Securities, including FHLB stock as a percent of total assets	7.70%	8.68%
Loans receivable, net of allowance as a percent of deposits	103.63%	109.90%
Tangible common equity as a percent of tangible assets	11.93%	13.03%
Asset Quality Data:		
Nonaccrual loans	174	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	0.53%	0.49%
Allowance for loan losses as a percent of nonperforming loans	860.92%	380.17%
Regulatory Capital Ratios (Bank only):		
Total capital (to risk-weighted assets)	14.54%	17.86%
Tier 1 capital (to risk-weighted assets)	13.85%	17.26%
Tier 1 capital (to average assets)	9.24%	12.17%
Common Equity Tier 1 capital (to risk-weighted assets)	13.85%	17.26%