

Melrose Bancorp, Inc. Reports 2019 Annual Financial Results

Melrose, MA, March 9, 2020. Melrose Bancorp, Inc. (OTC: MELR) (“Company”), the parent holding company of Melrose Bank (“Bank”), today announced its results of operations for the year ended December 31, 2019.

The Company’s net income for the year ended December 31, 2019 was \$502,000, or \$0.23 per diluted share, compared to net income of \$1.8 million, or \$0.74 per diluted share, for 2018. The decrease in net income resulted significantly from merger-related expense of \$600,000, related to the merger announced on December 18, 2019, an increase in non-interest expense (excluding merger expenses) of \$483,000, or 8.7%, consisting of an increase in salaries and employee benefits of \$363,000, or 10.7%, an increase in data processing expense of \$48,000, or 11.1%, and an increase in other professional services (excluding merger-related expenses) of \$37,000, or 10.4%. The decrease in net income is also attributable to a decrease in non-interest income of \$265,000, or 35.1%, primarily due to a decrease of \$310,000 in gains on investment securities partly offset by an increase in gains on the sale of loans of \$32,000. In addition, there was a decrease in net interest and dividend income of \$127,000, or 1.7%, an increase in the provision for loan losses of \$81,000, or 42.9%, and a decrease of \$288,000, or 47.6%, in income tax expense.

Total assets increased \$17.7 million to \$341.7 million at December 31, 2019, compared to \$324.0 million at December 31, 2018, resulting from increases in net loans and cash and cash equivalents, partly offset by a decrease in investment securities.

Loans, net of the allowance for loan losses at December 31, 2019, were \$286.2 million compared to \$268.2 million at December 31, 2018, an increase of \$18.0 million or 6.7%. Total deposits at December 31, 2019, were \$270.0 million compared to \$244.0 million at December 31, 2018, an increase of \$26.0 million or 10.6%.

At December 31, 2019, the Company’s stockholders’ equity was \$40.6 million compared to \$45.2 million at December 31, 2018, a decrease of \$4.6 million or 10.3%. The decrease in stockholders’ equity included the repurchase of 270,453 shares of common stock for a total of \$5.2 million, a dividend payment of \$0.34 per common share outstanding for a total of \$811,000, partly offset by net income of \$502,000 and other comprehensive income of \$448,000. All of the Bank’s capital ratios are well in excess of the amount required for the Bank to be considered “well capitalized”.

As of December 31, 2019, 2,305,851 shares of the common stock, par value \$0.01 per share, were issued and outstanding.

Melrose Bancorp shares are quoted on the OTC Pink Marketplace under the trading symbol MELR. 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 Year Ended	
	12/31/19	12/31/18
Operating Data:		
Total interest income	\$ 12,179	\$ 10,802
Total interest expense	4,952	3,448
Net interest income	7,227	7,354
Provision for loan losses	270	189
Net interest income after provision for loan losses	6,957	7,165
Total non-interest income	491	756
Total non-interest expense (excluding merger related expenses)	6,029	5,546
Merger related expenses	600	-
Income before income taxes	819	2,375
Income tax expense	317	605
Net income	\$ 502	\$ 1,770
Per Share Information:		
Net income per share, basic	\$ 0.23	\$ 0.74
Average common shares outstanding, basic	2,161,639	2,375,871
Net income per share, diluted	\$ 0.23	\$ 0.74
Average common shares outstanding, diluted	2,186,455	2,405,954
Basic tangible book value per common share outstanding	\$ 17.59	\$ 17.57
Performance ratios:		
Return on average assets	0.15%	0.56%
Return on average stockholders' equity	1.21%	3.94%
Efficiency ratio	78.12%	68.38%
Interest rate spread	1.97%	2.19%
Net interest margin	2.25%	2.41%

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	December 31, 2019	December 31, 2018
Financial Condition Data:		
Total assets	\$ 341,695	\$ 323,954
Securities, including FHLB stock	27,241	28,119
Loans receivable, net of allowance for loan losses of \$1,593 and \$1,323, respectively	286,219	268,211
Deposits	269,979	244,056
Borrowings	30,000	34,000
Total liabilities	301,129	278,739
Stockholders' equity	40,566	45,215
Balance Sheet Ratios:		
Securities, including FHLB stock as a percent of total assets	7.97%	8.68%
Loans receivable, net of allowance as a percent of deposits	106.02%	109.90%
Tangible common equity as a percent of tangible assets	11.87%	13.96%
Asset Quality Data:		
Nonaccrual loans	173	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	0.55%	0.49%
Allowance for loan losses as a percent of nonperforming loans	920.81%	380.17%
Regulatory Capital Ratios (Bank only):		
Total capital (to risk-weighted assets)	13.83%	17.86%
Tier 1 capital (to risk-weighted assets)	13.14%	17.26%
Tier 1 capital (to average assets)	9.15%	12.17%
Common Equity Tier 1 capital (to risk-weighted assets)	13.14%	17.26%