Melrose Bancorp, Inc.
Form 10-Q
November 10, 2015
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2015

OR

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from __________ to __________

Commission File No. 001-36702

Melrose Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**47-0967316**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
638 Main Street, Melrose, Massachusetts	**02176**
(Address of Principal Executive Offices)	**Zip Code**

(781) 665-2500

(Registrant s telephone number)

N/A

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days. YES x NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO x

As of November 10, 2015, 2,829,579 shares of the Registrant s common stock, par value $0.01 per share, were issued and outstanding.

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Part I. Financial Information

Item 1. Condensed Financial Statements

MELROSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Data)

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Cash and due from banks	$ 12,261	$ 20,760
Money market funds	3,592	4,342
Federal funds sold	3,432	4,389
Cash and cash equivalents	19,285	29,491
Investments in available-for-sale securities (at fair value)	45,137	41,775
Federal Home Loan Bank stock, at cost	437	437
Loans, net of allowance for loan losses of $565 at September 30, 2015 and $520 at December 31, 2014	150,795	133,910
Premises and equipment, net	1,250	1,254
Co-operative Central Bank deposit	881	881
Bank-owned life insurance	5,142	5,037
Accrued interest receivable	450	382
Other assets	206	175
Total assets	$ 223,583	$ 213,342
Liabilities and Stockholders Equity		
Deposits:		
Noninterest-bearing	$ 14,199	$ 13,286
Interest-bearing	162,854	153,785
Total deposits	177,053	167,071
Deferred tax liability, net	92	215
Other liabilities	528	593
Total liabilities	177,673	167,879
Stockholders Equity:		
Common stock, par value $0.01 per share, authorized 15,000,000 shares; issued and outstanding 2,829,579 shares at September 30, 2015 and December 31, 2014	28	28
Additional paid-in-capital	26,599	26,575

Retained earnings	20,335	19,832
Unearned compensation ESOP	(2,132)	(2,188)
Accumulated other comprehensive income	1,080	1,216
Total stockholders equity	45,910	45,463
Total liabilities and stockholders equity	$ 223,583	$ 213,342

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MELROSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

(Unaudited)

	Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Interest and dividend income:				
Interest and fees on loans	$ 1,289	$ 1,153	$ 3,648	$ 3,444
Interest and dividends on securities:				
Taxable	223	173	622	538
Tax-exempt	8		21	
Other interest	7	4	27	12
Total interest and dividend income	1,527	1,330	4,318	3,994
Interest expense:				
Interest on deposits	326	317	943	958
Total interest expense	326	317	943	958
Net interest and dividend income	1,201	1,013	3,375	3,036
Provision for loan losses	35		45	10
Net interest and dividend income after provision for loan losses	1,166	1,013	3,330	3,026
Noninterest income:				
Fees and service charges	25	30	68	87
Gain on sales of securities, net			409	
Writedown of securites			(377)	
Gain on sales of loans				19
Income on bank-owned life insurance	23	22	65	65
Other income	56	2	60	11
Total noninterest income	104	54	225	182
Noninterest expense:				
Salaries and employee benefits	617	522	1,777	1,516
Occupancy expense	73	69	231	212
Equipment expense	13	19	36	44
Data processing expense	84	70	235	223
Advertising expense	43	30	103	89

Printing and supplies		12		5		40		24
FDIC assessment		28		30		86		84
Audits and examinations		48		42		137		99
Other professional services		30		16		87		53
Other expense		25		35		82		106
Total noninterest expense		973		838		2,814		2,450
Income before income tax expense		297		229		741		758
Income tax expense		91		69		238		237
Net income	$	206	$	160	$	503	$	521
Earnings Per Share:								
Basic	$	0.08		N/A	$	0.19		N/A
Diluted	$	0.08		N/A	$	0.19		N/A

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MELROSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$ 206	$ 160	$ 503	$ 521
Other comprehensive (loss) income, net of tax:				
Net unrealized holding (loss) gain on available-for-sale securities	(165)	(76)	(230)	842
Reclassification adjustment for net realized gains in net income			(32)	
Other comprehensive (loss) income before income tax effect	(165)	(76)	(262)	842
Income tax benefit (expense)	83	26	126	(312)
Other comprehensive (loss) income, net of tax	(82)	(50)	(136)	530
Comprehensive income	$ 124	$ 110	$ 367	$ 1,051

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MELROSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

For the Nine Months Ended September 30, 2015 and 2014

(In Thousands, Except Share Data)

(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Retained Earnings	Unearned Compensation - ESOP	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2013		$	$	$ 20,004	$	$ 573	$ 20,577
Net income				521			521
Other comprehensive income, net of tax						530	530
Balance, September 30, 2014		$	$	$ 20,525	$	$ 1,103	$ 21,628
Balance, December 31, 2014	2,829,579	$ 28	$ 26,575	$ 19,832	$ (2,188)	$ 1,216	$ 45,463
Net income				503			503
Other comprehensive loss, net of tax						(136)	(136)
ESOP shares committed to be released (7,546 shares)			24		56		80
Balance, September 30, 2015	2,829,579	$ 28	$ 26,599	$ 20,335	$ (2,132)	$ 1,080	$ 45,910

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MELROSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

(Unaudited)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash flows from operating activities:		
Net income	$ 503	$ 521
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of securities, net of accretion	28	3
Gain on available-for-sale securities, net	(409)	
Writedown of available-for-sale securities	377	
Provision for loan losses	45	10
Change in net deferred loan costs/fees	1	19
Loans originated for sale		(1,519)
Proceeds from sales of loans		1,538
Gain on sales of loans		(19)
Depreciation and amortization	73	74
(Increase) decrease in accrued interest receivable	(68)	28
Increase in other assets	(34)	(949)
(Decrease) increase in accrued expenses and other liabilities	(65)	215
Decrease (increase) in income tax receivable	3	(64)
Deferred tax expense (benefit)	3	(10)
Income on bank-owned life insurance	(65)	(65)
ESOP expense	80	
Net cash provided by (used in) operating activities	472	(218)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(13,218)	(1,250)
Proceeds from sales of available-for-sale securities	1,898	
Proceeds from maturities and calls of available-for-sale securities	7,700	2,500
Purchase of Federal Home Loan Bank stock		(28)
Loan originations and principal collections, net	(16,931)	(318)
Capital expenditures	(69)	(103)
Premiums paid on bank-owned life insurance	(40)	(40)
Net cash (used in) provided by investing activities	(20,660)	761
Cash flows from financing activities:		
Net increase in demand deposits, NOW and savings accounts	281	22,123

Net increase (decrease) in time deposits		9,701		(7,668)
Net cash provided by financing activities		9,982		14,455
Net (decrease) increase in cash and cash equivalents		(10,206)		14,998
Cash and cash equivalents at beginning of period		29,491		16,995
Cash and cash equivalents at end of period	$	19,285	$	31,993
Supplemental disclosures:				
Interest paid	$	943	$	960
Income taxes paid		232		311

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Melrose Bancorp, Inc. and Subsidiary

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Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 1 - NATURE OF OPERATIONS

Melrose Cooperative Bank (the Bank) is a state chartered co-operative bank which was incorporated in 1890 and is headquartered in Melrose, Massachusetts. The Bank operates its business from one banking office located in Melrose, Massachusetts. The Bank is engaged principally in the business of attracting deposits from the general public and investing those deposits in residential real estate loans, and in consumer and small business loans.

On October 21, 2014, in accordance with a Plan of Conversion (the Conversion), the Bank completed a mutual-to-stock conversion pursuant to which the Bank became a wholly owned subsidiary of Melrose Bancorp, Inc. (the Company), a stock holding company incorporated in February 2014. In connection with the Conversion, the Company sold 2,723,409 shares of common stock, including 226,366 shares to a newly established employee stock ownership plan, at an offering price of $10 per share, and issued an additional 106,170 shares of its common stock to the Melrose Cooperative Bank Foundation (the Foundation), resulting in an aggregate issuance of 2,829,579 shares of common stock. The net proceeds from the stock offering, net of offering costs of $1,716,000, amounted to $25,518,000. The Company s stock began trading on October 22, 2014 on the NASDAQ Capital Market under the symbol MELR .

The Bank at the time of the Conversion, established a Liquidation Account in an amount equal to the net worth of the Bank as of the date of the latest consolidated statement of financial condition contained in the final prospectus distributed in connection with the Conversion. The function of the Liquidation Account is to establish a priority on liquidation. The Liquidation Account will be maintained by the Company for the benefit of the eligible account holders who continue to maintain deposit accounts with the Bank following the conversion. Each eligible account holder shall, with respect to each deposit account, hold a related inchoate interest in a portion of the Liquidation Account balance, in relation to each deposit account balance at the eligibility record date, or to such balance as it may be subsequently reduced, as hereinafter provided. The initial Liquidation Account balance shall not be increased, and shall be subject to downward adjustment to the extent of any downward adjustment of any subaccount balance of any eligible account holder in accordance with the Regulations of the Division of Banks of the Commonwealth of Massachusetts.

In the unlikely event of a complete liquidation of the Bank (and only in such event), following all liquidation payments to creditors (including those to depositors to the extent of their deposit accounts) each eligible account holder shall be entitled to receive a liquidating distribution from the Liquidation Account, in the amount of the then-adjusted subaccount balances for his or her deposit accounts then held, before any liquidating distribution may be made to any holder of the Bank s capital stock.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and Rule 10-01 of Regulation S-X. Information included herein as of September 30, 2015 and for the interim periods ended September 30, 2015 and 2014 is unaudited; however, in the opinion of management, all adjustments considered necessary for a fair presentation have been included and were of a normal recurring nature. These statements should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company s Form 10-K for the year ended December 31, 2014. The results of operations for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ended December 31, 2015.

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The significant accounting policies are summarized below to assist the reader in better understanding the consolidated financial statements and other data contained herein.

BASIS OF PRESENTATION:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary the Bank, and the Bank s wholly-owned subsidiary, MCBSC, Inc., which is used to hold investment securities. All significant intercompany accounts and transactions have been eliminated in the consolidation.

USE OF ESTIMATES:

In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, impairment of securities and deferred income taxes.

CASH AND CASH EQUIVALENTS:

As of September 30, 2015 (unaudited), the Company has total cash and cash equivalents in the following banks:

Eastern Bank	$6,644,000, which represents approximately 14.5% of total stockholders equity
State Street Bank	$2,993,000, which represents approximately 6.5% of total stockholders equity

As of December 31, 2014, the Company has total cash and cash equivalents in the following banks:

Eastern Bank	$7,440,000, which represents approximately 16.4% of total stockholders equity
State Street Bank	$2,993,000, which represents approximately 6.6% of total stockholders equity

EARNINGS PER SHARE (EPS):

Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding adjusted to exclude the weighted average number of unallocated shares held by the ESOP. Diluted EPS, if presented, reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings of the entity. For the purposes of computing diluted EPS, the treasury stock method is used. Because the formation of the Company was completed on October 22, 2014, EPS data is not meaningful for prior comparative periods and is therefore not presented.

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The calculation of basic and diluted EPS is presented below. There were no common stock equivalents in the nine month period ending September 30, 2015 (unaudited).

	(unaudited) Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Net income (in thousands)	$ 206	$ 503
Basic Common Shares:		
Weighted average common shares outstanding	2,829,579	2,829,579
Weighted average unallocated ESOP shares	(218,820)	(218,820)
Basic and diluted weighted average shares outstanding	2,610,759	2,610,759
Basic earnings per share	$ 0.08	$ 0.19
Diluted earnings per share	$ 0.08	$ 0.19

FAIR VALUES OF FINANCIAL INSTRUMENTS:

Accounting Standards Codification (ASC) 825, Financial Instruments, requires that the Company disclose the estimated fair value for its financial instruments. Fair value methods and assumptions used by the Company in estimating its fair value disclosures are as follows:

Cash and cash equivalents: The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents approximate fair value.

Securities: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans held-for-sale: Fair values of loans held-for-sale are based on commitments on hand from investors or prevailing market prices.

Loans receivable: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Accrued interest receivable: The carrying amount of accrued interest receivable approximates fair value.

Deposit liabilities: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificate accounts are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on certificate accounts.

Off-balance sheet instruments: The fair value of commitments to originate loans is estimated using the fees currently charged to enter similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments and the unadvanced portion of loans, fair value also considers the difference between current levels of interest rates and the committed rates.

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RECENT ACCOUNTING PRONOUNCEMENTS:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The objective of this ASU is to clarify principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principal of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 to defer the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, and interim periods within that reporting period. Earlier application is permitted only as of an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period, or an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which an entity first applies the guidance in ASU 2014-09. The Company is currently reviewing ASU 2014-09 and 2015-14 to determine the impact of the new guidance on the consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. The amendments in this ASU affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments: (1) Modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) Eliminate the presumption that a general partner should consolidate a limited partnership; (3) Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (4) Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. The Company anticipates that the adoption of this ASU will not have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The standard is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The guidance should be applied on a retrospective basis. The Company anticipates that the adoption of this ASU will not have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05, Intangibles Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer s Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The new guidance does not change the accounting for a customer s accounting for service contracts. ASU 2015-05 is effective for interim and annual reporting periods beginning after December 15, 2015. The Company anticipates that the adoption of this ASU will not have a material impact on its consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07: Fair Value Measurement (Topic 820) Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent). The objective of this update is to address the diversity in practice related to how certain investments measured at net asset value with redemption dates in the future are categorized within the fair value hierarchy. The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments in this update are effective for fiscal years, and the interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company anticipates that the adoption of this ASU will not have a material impact on its consolidated financial statements.

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NOTE 3 - INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

Debt and equity securities have been classified in the consolidated balance sheets according to management s intent. The amortized cost basis of securities and their approximate fair values are as follows:

	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
September 30, 2015: (unaudited)				
U.S. government and federal agency obligations	$ 8,419	$ 55	$ 31	$ 8,443
Debt securities issued by states of the United States and political subdivisions of the states	1,437	1	6	1,432
Corporate bonds and notes	14,870	36	10	14,896
Preferred stock	3,000	18	44	2,974
Mortgage-backed securities	2,423		41	2,382
Marketable equity securities	13,182	1,868	40	15,010
	$ 43,331	$ 1,978	$ 172	$ 45,137
December 31, 2014:				
U.S. government and federal agency obligations	$ 4,007	$ 3	$ 20	$ 3,990
Debt securities issued by states of the United States and political subdivisions of the states	544		4	540
Corporate bonds and notes	15,238	38	35	15,241
Preferred stock	3,000		96	2,904
Mortgage-backed securities	2,138		23	2,115
Marketable equity securities	14,780	2,641	436	16,985
	$ 39,707	$ 2,682	$ 614	$ 41,775

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The scheduled maturities of debt securities were as follows as of the dates indicated:

September 30, 2015 (unaudited)	Fair Value (In Thousands)
Due within one year	$ 4,765
Due after one year through five years	15,624
Due after five years through ten years	1,949
Due after ten years	2,519
Mortgage-backed securities	2,382
Asset-backed securities	1,932
	$ 29,171

December 31, 2014	Fair Value (In Thousands)
Due within one year	$ 5,278
Due after one year through five years	12,990
Due after five years through ten years	1,491
Due after ten years	994
Mortgage-backed securities	2,115
Asset-backed securities	1,011
	$ 23,879

Not included in the maturity table above is preferred stock with no stated maturity of $956,000, at September 30, 2015 and $911,000, at December 31, 2014.

There were no securities of issuers whose aggregate carrying amount exceeded 10% of stockholders equity as of September 30, 2015 (unaudited) and December 31, 2014.

During the three months ended September 30, 2015 there were no sales of available-for-sale securities. Proceeds from the sale of available-for-sale securities for the nine months ended September 30, 2015, amounted to $1.9 million. The gross realized gains on these sales amounted to $489,000 and the gross realized losses were $80,000. The tax expense applicable to these net realized gains amounted to $164,000. During the nine months ended September 30, 2014, there were no sales of available-for-sale securities.

The Company had no pledged securities as of September 30, 2015 (unaudited) and December 31, 2014.

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The aggregate fair value and unrealized losses of securities that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more, and are not other-than-temporarily impaired, are as follows:

	Less than 12 months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In Thousands)			
September 30, 2015: (unaudited)						
U.S. government and federal agency obligations	$ 2,764	$ 30	$ 499	$ 1	$ 3,263	$ 31
Debt securities issued by states of the United States and political subdivisions of the states	1,046	6			1,046	6
Corporate bonds and notes	2,487	5	994	5	3,481	10
Preferred stock			956	44	956	44
Mortgage-backed securities	2,382	41			2,382	41
Marketable equity securities	3,100	27	4,381	13	7,481	40
Total temporarily impaired securities	$ 11,779	$ 109	$ 6,830	$ 63	$ 18,609	$ 172
December 31, 2014:						
U.S. government and federal agency obligations	$ 2,006	$ 6	$ 1,486	$ 14	$ 3,492	$ 20
Debt securities issued by states of the United States and political subdivisions of the states	540	4			540	4
Corporate bonds and notes	4,978	11	1,974	24	6,952	35
Preferred stock			2,904	96	2,904	96
Mortgage-backed securities	2,115	23			2,115	23
Marketable equity securities			10,306	436	10,306	436
Total temporarily impaired securities	$ 9,639	$ 44	$ 16,670	$ 570	$ 26,309	$ 614

The Company conducts periodic reviews of investment securities with unrealized losses to evaluate whether the impairment is other-than-temporary. The Company s review for impairment generally includes a determination of the cause, severity and duration of the impairment; and an analysis of both positive and negative evidence available. The Company also determines if it has the ability and intent to hold the investment for a period of time sufficient to allow for anticipated recovery to cost basis.

During the three months ended September 30, 2015, the Company had no write downs of securities. The Company wrote down four securities during the nine months ended September 30, 2015 that were deemed other than temporarily impaired and recognized a loss of $377,000. There were no write downs of securities for the three and nine months ended September 30, 2014. A summary of the Company s reviews of investment securities deemed to be temporarily impaired is as follows:

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September 30, 2015 (unaudited)

Unrealized losses on U.S. Government and federal agency obligations amounted to $31,000 and consisted of six securities. Unrealized losses on municipal bonds amounted to $6,000 and consisted of three securities. Unrealized losses on corporate bonds and notes amounted to $10,000 and consisted of six securities. The unrealized losses on all but one of these debt securities were individually less than 1.5% of amortized cost basis, with one U.S. government and federal agency obligation at 1.9% of amortized cost basis. The unrealized losses were primarily due to changes in interest rates. The unrealized losses on all of these debt securities were each individually less than 1.7% of amortized cost basis, and the unrealized losses were primarily due to changes in interest rates. Unrealized losses on mortgage-backed securities amounted to $41,000 and consisted of four securities. The unrealized losses on all but one of these debt securities were each individually less than 1.5% of amortized cost basis, with one mortgage backed security at 3.0% of amortized cost basis. The unrealized losses were primarily due to changes in interest rates. In regard to corporate debt, the Company also considers the issuer s current financial condition and its ability to make future scheduled interest and principal payments on a timely basis in assessing other-than-temporary impairment.

Unrealized losses on preferred stocks amounted to $44,000 and consisted of one investment. Public Storage Inc., has an unrealized loss of $44,000, or 4.4% of amortized cost. This loss was due to changes in interest rates. The Company reviewed this investment for other than temporary impairment by considering factors such as, among other things, the financial condition and ability of the issuer to continue to pay dividends, and any specific events that may affect the operations of the issuer.

Unrealized losses on marketable equity securities amounted to $40,000 and consisted of five mutual funds. The cause of the impairment in these mutual funds is due to changes in interest rates and the continued underperformance of most fixed income asset classes during the nine months ended September 30, 2015 (unaudited). The Company considered several factors in reviewing these mutual fund investments, including underlying investment performance, composition and rating of the securities in the mutual fund, and management of the mutual funds issuer.

December 31, 2014

Unrealized losses on U.S. Government and federal agency obligations amounted to $20,000 and consisted of four securities. Unrealized losses on municipal bonds amounted to $4,000 and consisted of two securities. Unrealized losses on corporate bonds and notes amounted to $35,000 and consisted of twelve securities. Unrealized losses on mortgage-backed securities amounted to $23,000 and consisted of three securities. The unrealized losses on all of these debt securities were each individually less than 2.0% of amortized cost basis, and the unrealized losses were primarily due to changes in interest rates. In regard to corporate debt, the Company also considers the issuer s current financial condition and its ability to make future scheduled interest and principal payments on a timely basis in assessing other-than-temporary impairment.

The Company s investments in preferred stocks were purchased in the first quarter of 2013, and consist of three investments with unrealized losses amounting to $96,000, or 3.2% of amortized cost. These three investments consist of Kayne Anderson MLP, which has an unrealized loss of $1,000, or 0.1 percent of amortized cost, General Electric Capital Corporation, which has an unrealized loss of $6,000, or 0.6% of amortized cost, and Public Storage Inc., which has an unrealized loss of $89,000, or 8.9% of amortized cost. These losses were due to changes in interest rates. The Company reviewed these investments for other than temporary impairment by considering factors such as, among other things, the financial condition and ability of the issuer to continue to pay dividends, and any specific events that may affect the operations of the issuer.

Unrealized losses on marketable equity securities consist of seven mutual funds. Five mutual funds invest mainly in short-term bonds, with unrealized losses amounting to $238,000, or 3.7% of cost basis, with individual losses ranging from 0.8% to 8.4% of the mutual fund s cost basis; and two mutual funds invest in GNMA securities with a total combined unrealized loss of $198,000, or approximately 4.6% of each mutual fund s cost basis. These seven mutual funds have been in an unrealized loss position ranging from one to three years. The cause of the impairment in these mutual funds is due to changes in interest rates and the continued underperformance of most fixed income asset classes during the year ended December 31, 2014. The Company considered several factors in reviewing these mutual fund investments, including underlying investment performance, composition and rating of the securities in the mutual fund, and management of the mutual funds issuer.

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NOTE 4 - LOANS

Loans consisted of the following at:

	September 30, 2015 (unaudited)	December 31, 2014
	(In Thousands)	
Real estate loans:		
One-to four-family residential	$ 124,846	$ 118,144
Home equity loans and lines of credit	10,813	10,811
Commercial	11,142	2,462
Construction	4,349	2,787
Consumer loans	131	146
Total loans	151,281	134,350
Allowance for loan losses	(565)	(520)
Deferred loan costs, net	79	80
Net loans	$ 150,795	$ 133,910

The following tables set forth information on the allowance for loan losses at and for the nine months ended September 30, 2015 and 2014 (unaudited), and at and for the year ended December 31, 2014:

	Real Estate: One- to four-family Residential	Real Estate: Home Equity Loans and Lines of Credit	Commercial	Construction	Consumer Loans	Unallocated	Total
	(In Thousands)						
September 30, 2015 (unaudited)							
Allowance for loan losses:							
Beginning balance	$ 414	$ 58	$ 25	$ 21	$ 1	$ 1	$ 520
Charge offs							
Recoveries							
(Benefit) provision	(56)	1	102	(1)		(1)	45
Ending balance	$ 358	$ 59	$ 127	$ 20	$ 1	$	$ 565
Ending balance:							
Individually evaluated for impairment	$	$	$	$	$	$	$
Ending balance:							

Collectively evaluated for impairment	358	59	127	20	1		565
Total allowance for loan losses ending balance	$ 358	$ 59	$ 127	$ 20	$ 1	$	$ 565
Loans:							
Ending balance:							
Individually evaluated for impairment	$	$	$	$	$	$	$
Ending balance:							
Collectively evaluated for impairment	124,846	10,813	11,142	4,349	131		151,281
Total loans ending balance	$ 124,846	$ 10,813	$ 11,142	$ 4,349	$ 131	$	$ 151,281

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	Real Estate: One- to four-family Residential	Real Estate: Home Equity Loans and Lines of Credit	Real Estate: Commercial	Real Estate: Construction	Consumer Loans	Unallocated	Total
	(In Thousands)						
September 30, 2014 (unaudited)							
Allowance for loan losses:							
Beginning balance	$ 414	$ 55	$ 20	$ 14	$ 1	$ 6	$ 510
Charge offs							
Recoveries							
(Benefit) provision	(6)	6	5	3		2	10
Ending balance	$ 408	$ 61	$ 25	$ 17	$ 1	$ 8	$ 520
Ending balance: Individually evaluated for impairment	$	$	$	$	$	$	$
Ending balance: Collectively evaluated for impairment	408	61	25	17	1	8	520
Total allowance for loan losses ending balance	$ 408	$ 61	$ 25	$ 17	$ 1	$ 8	$ 520
Loans:							
Ending balance: Individually evaluated for impairment	$	$	$	$	$	$	$
Ending balance: Collectively evaluated for impairment	116,421	11,385	2,499	2,315	107		132,727
Total loans ending balance	$ 116,421	$ 11,385	$ 2,499	$ 2,315	$ 107	$	$ 132,727

	Real Estate: One- to four-family Residential	Real Estate: Home Equity Loans and Lines of Credit	Real Estate: Commercial	Real Estate: Construction	Consumer Loans	Unallocated	Total
	(In Thousands)						
December 31, 2014:							
Allowance for loan losses:							
Beginning balance	$ 414	$ 55	$ 20	$ 14	$ 1	$ 6	$ 510
Charge offs							

Recoveries							
Provision (benefit)		3	5	7		(5)	10
Ending balance	$ 414	$ 58	$ 25	$ 21	$ 1	$ 1	$ 520
Ending balance:							
Individually evaluated for impairment	$	$	$	$	$	$	$
Ending balance:							
Collectively evaluated for impairment	414	58	25	21	1	1	520
Total allowance for loan losses ending balance	$ 414	$ 58	$ 25	$ 21	$ 1	$ 1	$ 520
Loans:							
Ending balance:							
Individually evaluated for impairment	$	$	$	$	$	$	$
Ending balance:							
Collectively evaluated for impairment	118,144	10,811	2,462	2,787	146		134,350
Total loans ending balance	$ 118,144	$ 10,811	$ 2,462	$ 2,787	$ 146	$	$ 134,350

The following tables set forth information regarding nonaccrual loans and past-due loans at September 30, 2015 (unaudited) and December 31, 2014:

	30 - 59 Days	60 - 89 Days	90 Days or More Past Due	Total Past Due	Total Current	Total	90 Days or More Past Due and Accruing	Non-Accrual
				(In Thousands)				
At September 30, 2015 (unaudited)								
Real estate loans:								
One-to four-family residential	$ 406	$ 21	$ 67	$ 494	$ 124,352	$ 124,846	$	$ 88
Home equity loans and lines of credit			197	197	10,616	10,813		197
Commercial					11,142	11,142		
Construction					4,349	4,349		
Consumer loans	1			1	130	131		
Total	$ 407	$ 21	$ 264	$ 692	$ 150,589	$ 151,281	$	$ 285
At December 31, 2014								
Real estate loans:								
One-to four-family residential	$ 817	$ 122	$ 113	$ 1,052	$ 117,092	$ 118,144	$	$ 421
		198	4	202	10,609	10,811		202

Home equity loans and lines of credit								
Commercial					2,462	2,462		
Construction					2,787	2,787		
Consumer loans		1		1	145	146		
Total	$ 817	$ 321	$ 117	$ 1,255	$ 133,095	$ 134,350	$	$ 623

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As of and during the nine months ended September 30, 2015 and 2014 (unaudited) there were no loans that met the definition of an impaired loan in ASC 310-10-35.

During the nine months ended September 30, 2015 and 2014 (unaudited) there were no loans modified that met the definition of a troubled debt restructured loan in ASC 310-10-50.

Credit Quality Information

The Company utilizes a seven grade internal loan rating system for commercial real estate, construction and commercial loans as follows:

Loans rated 1 - 3: Loans in these categories are considered pass rated loans with low to average risk.

Loans rated 4: Loans in this category are considered special mention. These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 5: Loans in this category are considered substandard. Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Loans rated 6: Loans in this category are considered doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loans rated 7: Loans in this category are considered uncollectible (loss) and of such little value that their continuance as loans is not warranted.

On an annual basis, or more often if needed, the Company formally reviews the ratings on all commercial real estate, construction and commercial loans.

As of September 30, 2015 (unaudited), one- to four- family residential real estate loans with balances totaling $274,000 and home equity loans and lines of credit totaling $197,000 had a risk rating of substandard and all other loans outstanding had a risk rating of pass.

As of December 31, 2014, one- to four- family residential real estate loans with balances totaling $394,000 and home equity loans and lines of credit totaling $202,000 had a risk rating of substandard and all other loans outstanding had a risk rating of pass.

NOTE 5 - PREMISES AND EQUIPMENT

The following is a summary of premises and equipment:

	September 30, 2015	December 31, 2014
	(In Thousands)	
	(unaudited)	

Land	$ 393	$ 393
Building and improvements	1,817	1,817
Furniture and equipment	514	482
Data processing equipment	254	217
	2,978	2,909
Accumulated depreciation	(1,728)	(1,655)
	$ 1,250	$ 1,254

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NOTE 6 - DEPOSITS

The aggregate amount of time deposit accounts in denominations of $100,000 or more as of September 30, 2015 (unaudited) and December 31, 2014 was $43,778,000 and $34,583,000, respectively. The aggregate amount of time deposit amounts in denominations that meet or exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000 as of September 30, 2015 (unaudited) and December 31, 2014 amounted to $15,533,000 and $12,015,000, respectively.

For time deposits as of September 30, 2015 (unaudited) the scheduled maturities for each of the following years ended September 30 are as follows:

	(In Thousands)
2016	$ 39,581
2017	33,563
2018	5,964
2019	1,422
2020	417
	$ 80,947

Deposits from related parties held by the Bank as of September 30, 2015 (unaudited) and December 31, 2014 amounted to $4,906,000 and $5,044,000, respectively.

NOTE 7 - BORROWED FUNDS

The Company is permitted to borrow from the Federal Reserve Bank of Boston under certain conditions. Any such borrowings would be required to be fully secured by pledges of collateral satisfactory to the Federal Reserve Bank of Boston. In addition, the Company has the ability to borrow from the Federal Home Loan Bank of Boston and the Co-operative Central Bank.

NOTE 8 - FINANCIAL INSTRUMENTS

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to originate loans and unadvanced funds on loans. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for loan commitments is represented by the contractual amounts of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to originate loans are agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management s credit evaluation of the borrower. Collateral held varies, but may include secured interests in mortgages, accounts receivable, inventory, property, plant and equipment and income-producing properties.

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Notional amounts of financial instrument liabilities with off-balance sheet credit risk are as follows:

	September 30, 2015	December 31, 2014
	(In Thousands)	
	(unaudited)	
Commitments to originate loans	$ 6,685	$ 3,713
Unused lines of credit	11,392	11,065
Due to borrowers on unadvanced construction loans	1,191	323
	$ 19,268	$ 15,101

NOTE 9 - FAIR VALUE MEASUREMENTS

ASC 820-10, Fair Value Measurements and Disclosures, provides a framework for measuring fair value under generally accepted accounting principles. This guidance also allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis.

In accordance with ASC 820-10, the Company groups its financial assets and financial liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury, other U.S. Government and agency mortgage-backed securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, are not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

A financial instrument s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Company s financial assets and financial liabilities carried at fair value for September 30, 2015 (unaudited) and December 31, 2014. The Company did not have any significant transfers of assets between levels 1 and 2 of the fair value hierarchy during the nine months ended September 30, 2015 (unaudited) and the year ended December 31, 2014.

The Company s investments in preferred stock and marketable equity securities are generally classified within level 1 of the fair value hierarchy because they are valued using quoted market prices.

The Company s investment in debt securities available-for-sale is generally classified within level 2 of the fair value hierarchy. For these securities, we obtain fair value measurements from independent pricing services. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. treasury yield curve, trading levels, market consensus prepayment speeds, credit information and the instrument s terms and conditions.

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Level 3 is for positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments are generally based on available market evidence. In the absence of such evidence, management s best estimate is used. Subsequent to inception, management only changes level 3 inputs and assumptions when corroborated by evidence such as transactions in similar instruments, completed or pending third-party transactions in the underlying investment or comparable entities, subsequent rounds of financing, recapitalization and other transactions across the capital structure, offerings in the equity or debt markets, and changes in financial ratios or cash flows.

The following summarizes assets measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using:		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	(In Thousands)			
September 30, 2015: (unaudited)				
U.S. government and federal agency obligations	$ 8,443	$	$ 8,443	$
Debt securities issued by states of the United States and political subdivisions of the states	1,432		1,432	
Corporate bonds and notes	14,896		14,896	
Preferred stock	2,974	2,974		
Mortgage-backed securities	2,382		2,382	
Marketable equity securities	15,010	15,010		
Totals	$ 45,137	$ 17,984	$ 27,153	$
December 31, 2014:				
U.S. government and federal agency obligations	$ 3,990	$	$ 3,990	$
Debt securities issued by states of the United States and political subdivisions of the states	540		540	
Corporate bonds and notes	15,241		15,241	
Preferred stock	2,904	2,904		
Mortgage-backed securities	2,115		2,115	
Marketable equity securities	16,985	16,985		
Totals	$ 41,775	$ 19,889	$ 21,886	$

Under certain circumstances the Company makes adjustments to fair value for its assets and liabilities although they are not measured at fair value on a recurring basis. At September 30, 2015 (unaudited) and December 31, 2014, there were no assets or liabilities carried on the consolidated balance sheets for which a nonrecurring change in fair value has been recorded.

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The estimated fair values of the Company s financial instruments, all of which are held or issued for purposes other than trading, are as follows:

	September 30, 2015 (unaudited)				
	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$ 19,285	$ 19,285	$	$	$ 19,285
Available-for-sale securities	45,137	17,984	27,153		45,137
Federal Home Loan Bank stock	437	437			437
Loans, net	150,795			152,120	152,120
Co-operative Central Bank deposit	881	881			881
Accrued interest receivable	450	450			450
Financial liabilities:					
Deposits	177,053		177,606		177,606

	December 31, 2014				
	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$ 29,491	$ 29,491	$	$	$ 29,491
Available-for-sale securities	41,775	19,889	21,886		41,775
Federal Home Loan Bank stock	437	437			437
Loans, net	133,910			135,513	135,513
Co-operative Central Bank deposit	881	881			881
Accrued interest receivable	382	382			382
Financial liabilities:					
Deposits	167,071		167,881		167,881

The carrying amounts of financial instruments shown in the above table are included in the consolidated balance sheets under the indicated captions. Accounting policies related to financial instruments are described in Note 2.

NOTE 10 - OTHER COMPREHENSIVE (LOSS) INCOME

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as a separate component of the stockholders equity section of the consolidated balance sheets, such items, along with net income, are components of comprehensive income.

The components of other comprehensive (loss) income, included in stockholders equity, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014

	(In Thousands)			
	(unaudited)			
Net unrealized holding (losses) gains on available-for-sale securities	$ (165)	$ (76)	$ (230)	$ 842
Reclassification adjustment for realized gains in net income (1)			(32)	
Other comprehensive (loss) income before income tax effect	(165)	(76)	(262)	842
Income tax benefit (expense)	83	26	126	(312)
Other comprehensive (loss) income, net of tax	$ (82)	$ (50)	$ (136)	$ 530

(1) Reclassification adjustments include net realized securities gains, net of writedowns. Realized gains have been reclassified out of accumulated other comprehensive income and affect certain captions in the consolidated statements of income as follows: pre-tax amount is reflected as a gain on sales of securities, net and writedowns of securities, the tax effect is included in income tax expense, and the after-tax amount is included in net income.

Accumulated other comprehensive income as of September 30, 2015 (unaudited) and December 31, 2014 consists of net unrealized holding gains on available-for-sale securities, net of taxes.

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NOTE 11 - REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank s assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Effective January 1, 2015 (with a phase-in period of two to four years for certain components), the Bank became subject to new capital regulations adopted by the Board of Governors of the Federal Reserve System (FRB) and the FDIC, which implement the Basel III regulatory capital reforms and the changes required by the Dodd-Frank Act. The new regulations require a new common equity Tier 1 (CETI) capital ratio of 4.5%, increase the minimum Tier 1 capital to risk-weighted assets ratio to 6.0% from 4.0%, require a minimum total capital to risk-weighted assets ratio of 8.0% and require a minimum Tier 1 leverage ratio of 4.0%. CETI generally consists of common stock and retained earnings, subject to applicable adjustments and deductions. Under new prompt corrective action regulations, in order to be considered well capitalized, the Bank must maintain a CETI capital ratio of 6.5% (new) and a Tier 1 ratio of 8.0% (increased from 6.0%), a total risk based capital ratio of 10% (unchanged) and a Tier 1 leverage ratio of 5.0% (unchanged). In addition, the regulations establish a capital conservation buffer above the required capital ratios that phases in beginning January 1, 2016 at 0.625% of risk-weighted assets and increases each year by 0.625% until it is fully phased in at 2.5% effective January 1, 2019. Beginning January 1, 2016, failure to maintain the capital conservation buffer will limit the ability of the Bank and the Company to pay dividends, repurchase shares or pay discretionary bonuses.

The new regulations implemented changes to what constitutes regulatory capital. Certain instruments will no longer constitute qualifying capital, subject to phase-out periods. In addition, Tier 2 capital is no longer limited to the amount of Tier 1 capital included in total capital. Mortgage servicing rights, certain deferred tax assets and investments in unconsolidated subsidiaries over designated percentages of CETI will be deducted from capital. The Bank has elected to permanently opt-out of the inclusion of accumulated other comprehensive income in capital calculations, as permitted by the regulations. This opt-out will reduce the impact of market volatility on the Bank s regulatory capital ratios.

The new regulations also changed the risk weights of certain assets, including an increase in the risk weight of certain high volatility commercial real estate acquisition, development and construction loans and non-residential mortgage loans that are 90 days past due or on non-accrual status to 150% from 100%, a credit conversion factor for the unused portion of commitments with maturities of less than one year that are not cancellable to 20% from 0%, an increase in the risk weight for mortgage servicing rights and deferred tax assets that are not deducted from capital to 250% from 100%, and an increase in the risk weight for equity exposures to 600% from 0%.

As of September 30, 2015 (unaudited) and December 31, 2014, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution s category.

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The Bank s actual capital amounts and ratios are presented in the following table.

	September 30, 2015	December 31, 2014
	(Dollars in Thousands)	
Regulatory Capital		
Stockholders Equity	$ 32,977	$ 32,595
Less: Net unrealized gains on investment securities, net of tax	(1,103)	(1,231)
Common Equity Tier 1 Capital	31,874	N/A
Tier 1 Capital	31,874	31,364
Unrealized gains on equity securities	823	990
Allowable reserve for credit losses	564	520
Total Regulatory Capital (1)	$ 33,261	$ 32,874
Risk-weighted assets (1)	$ 130,815	$ 119,395
Average Assets	$ 214,559	$ 208,294
Key Regulatory Capital Ratios (1):		
Common Equity Tier 1 Capital Ratio	24.37%	N/A
Tier 1 Capital Ratio	24.37%	26.27%
Total Capital Ratio	25.43%	27.53%
Tier 1 Leverage Ratio	14.86%	14.78%

(1) September 30, 2015 calculated under Basel III rules, which became effective January 1, 2015.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

General

Management s discussion and analysis of the financial condition and results of operations at and for the three and nine months ended September 30, 2015 and 2014 is intended to assist in understanding the financial condition and results of operations of the Company. The information contained in this section should be read in conjunction with the unaudited financial statements and the notes thereto, appearing on Part I, Item 1 of this quarterly report on Form 10-Q.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements, which can be identified by the use of words such as estimate, project, believe, intend, anticipate, plan, seek, expect and words of similar meaning. These fo statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market area, that are worse than expected;
- our success in growing our commercial real estate loan portfolio;
- increased competition among depository and other financial institutions;
- inflation and changes in the interest rate environment that reduce our margins and yields, reduce the fair value of financial instruments or increase our funding costs;
- changes in laws or government regulations or policies that adversely affect financial institutions, including changes in regulatory fees and capital requirements;
- our ability to manage operations in the current economic conditions;

our ability to capitalize on growth opportunities;

changes in consumer spending, borrowing and savings habits;

changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;

changes in our organization, compensation and benefit plans;

changes in the level of government support for housing finance;

significant increases in delinquencies and our loan losses; and

changes in our financial condition or results of operations that reduce capital.

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Comparison of Financial Condition at September 30, 2015 (unaudited) and December 31, 2014

Total assets increased $10.2 million, or 4.8%, to $223.6 million at September 30, 2015 from $213.3 million at December 31, 2014. The increase was primarily the result of an increase in securities available-for-sale and net loans, partially offset by a decrease in cash and cash equivalents.

Cash and cash equivalents decreased $10.2 million, or 34.6%, to $19.3 million at September 30, 2015 from $29.5 million at December 31, 2014. These decreases were due primarily to residential and commercial loan originations and purchases of available-for-sale securities.

Securities available-for-sale increased $3.3 million, or 8.0%, to $45.1 million at September 30, 2015 from $41.8 million at December 31, 2014. The increase in securities available-for-sale during 2015 was a result of the investment of the proceeds of our initial public offering in October 2014.

Net loans increased $16.9 million, or 12.6%, to $150.8 million at September 30, 2015 from $133.9 million at December 31, 2014. The increase in net loans was due primarily to an increase of $6.7 million, or 5.7%, in one-to-four family residential loans, an increase of $1.6 million, or 56.1%, in construction loans as well as an increase of $8.7 million, or 352.6%, in commercial real estate loans during the nine months ended September 30, 2015.

At September 30, 2015, our investment in bank-owned life insurance was $5.1 million, an increase of $105,000, or 2.1%, from $5.0 million at December 31, 2014. We invest in bank-owned life insurance to provide us with a funding offset for our benefit plan obligations. Bank-owned life insurance also generally provides us noninterest income that is non-taxable.

Other assets increased $31,000, or 17.7%, to $206,000 at September 30, 2015 from $175,000 at December 31, 2014. The increase resulted primarily from an increase of $47,000 in prepaid expenses partially offset by a decrease of $7,000 in ACH in process.

Total deposits increased $10.0 million, or 6.0%, to $177.1 million at September 30, 2015 from $167.1 million at December 31, 2014. The increase in deposits was due primarily to an increase of $9.7 million, or 13.6%, in time deposits and $3.4 million, or 25.8%, in NOW accounts and an increase of $913,000 or 6.9% in demand deposits. The increases in time deposits, NOW accounts and demand deposits were offset by a decrease of $4.1 million, or 10.6%, in money market accounts.

We had no borrowings outstanding at September 30, 2015 or December 31, 2014. At September 30, 2015, we had the ability to borrow approximately $89.9 million from the Federal Home Loan Bank of Boston, subject to certain collateral requirements. Additionally at September 30, 2015, we had the ability to borrow up to $5.0 million on a Federal Funds line of credit with the Co-operative Central Bank.

Total stockholders equity increased $447,000, or 1.0%, to $45.9 million at September 30, 2015 from $45.5 million at December 31, 2014. The increase was primarily the result of net income of $503,000 as well as an increase of $80,000 due to ESOP shares committed to be released, offset by $136,000 in other comprehensive loss, net of tax.

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Comparison of Operating Results for the Three Months Ended September 30, 2015 and 2014

General. Net income increased $46,000, or 28.8%, to $206,000 for the three months ended September 30, 2015 from $160,000 for the three months ended September 30, 2014. Net income increased primarily due to an increase in interest income and noninterest income, partially offset by an increase in interest expense and noninterest expense.

Interest and Dividend Income. Interest and dividend income increased $197,000, or 14.8%, to $1.5 million for the three months ended September 30, 2015 from $1.3 million for the three months ended September 30, 2014 due to an increase in interest and fees on loans, which increased $136,000, or 11.8%, to $1.3 million for the three months ended September 30, 2015 from $1.2 million for the three months ended September 30, 2014. The increase of $136,000 in interest and fees on loans was primarily the result of an increase in new loan originations.

Interest and dividends on securities increased $58,000, or 33.5%, to $231,000 for the three months ended September 30, 2015 from $173,000 for the three months ended September 30, 2014 resulting from an increase of $5.7 million in the average balance of securities quarter to quarter.

Interest Expense. Interest expense increased $9,000, or 2.8%, to $326,000 for the three months ended September 30, 2015 from $317,000 for the three months ended September 30, 2014. The increase was due to an increase of $4.5 million, or 6.0%, in the average balance of time deposits.

Net Interest and Dividend Income. Net interest and dividend income increased $188,000, or 18.6%, to $1.2 million for the three months ended September 30, 2015 from $1.0 million for the three months ended September 30, 2014 primarily due to an increase of $34.3 million in our net interest-earning assets to $53.2 million during the 2015 period from $18.9 million during the 2014 period. This was offset in part as our net interest rate spread decreased seven basis points to 2.07% for 2015 quarter from 2.14% for 2014 quarter.

Provision for Loan Losses. We recorded a provision for loan losses of $35,000 for the three months ended September 30, 2015, an increase of $35,000 from no provision for the three months ended September 30, 2014.

There were no charge-offs for the quarters ended September 30, 2015 and September 30, 2014. The allowance for loan losses was $565,000, or 0.37% of total loans, at September 30, 2015, an increase of $45,000, or 8.6%, compared to $520,000, or 0.39% of total loans, at December 31, 2014. Total nonperforming loans were $285,000 at September 30, 2015 compared to $623,000 at December 31, 2014. As a percentage of nonperforming loans, the allowance for loan losses was 198% at September 30, 2015 compared to 90.7% at December 31, 2014.

Noninterest Income. Noninterest income increased $50,000, or 92.7%, to $104,000 for the three months ended September 30, 2015 from $54,000 for the three months ended September 30, 2014 due primarily to an increase of $54,000 in other income from the redemption of a life insurance policy, partially offset by decreased fees and service charges.

There were no loans originated for sale and sold during the three months ended September 30, 2015 and September 30, 2014. Fees and service charges decreased $5,000, or 16.7%, to $25,000 for the three months ended September 30, 2015 from $30,000 for the three months ended September 30, 2014.

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Noninterest Expense. Noninterest expense increased $135,000, or 16.1%, to $973,000 for the three months ended September 30, 2015 from $838,000 for the three months ended September 30, 2014. Noninterest expense increased primarily due to an increase in salaries and employee benefits as well as data processing expense, advertising expense and the expense for professional services associated with being a public company.

Salaries and employee benefits increased $95,000, or 18.2%, to $617,000 for the three months ended September 30, 2015 from $522,000 for the three months ended September 30, 2014 as a result of hiring loan staff as well as normal salary increases and increases in payroll taxes. Data processing expenses increased $14,000, or 20.0%, to $84,000 for the three months ended September 30, 2015, from $70,000 for the three months ended September 30, 2014. The expense for advertising increased $13,000, or 43.4%, to $43,000 for the three month period ended September 30, 2015 from $30,000 for the same period in 2014. The expense for professional services increased $14,000, or 87.5%, to $30,000 for the three month period ended September 30, 2015 from $16,000 for the same period in 2014.

Income Tax Expense. Income tax expense increased $22,000, or 31.9%, to $91,000 for the three months ended September 30, 2015 from $69,000 for the three months ended September 30, 2014. The effective tax rate for the three months ended September 30, 2015 and September 30, 2014 was 30.6% and 30.1%, respectively.

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Average Balances and Yields. The following tables set forth average balance sheets, average yields and costs, and certain other information for the three months ended September 30, 2015 and 2014 (unaudited). All average balances are daily average balances based upon amortized costs. Non-accrual loans were included in the computation of average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Yields/rates for the three months ended September 30, 2015 and 2014 are annualized.

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
(Dollars In Thousands)	**Average Outstanding Balance**	**Interest**	**Yield/Rate**	**Average Outstanding Balance**	**Interest**	**Yield/Rate**
Interest-earning assets:						
Loans	$ 146,269	$ 1,289	3.53%	$ 131,179	$ 1,153	3.52%
Securities (1)	45,524	231	2.03%	39,826	173	1.74%
Other interest-earning assets (2)	19,559	7	0.14%	11,780	4	0.14%
Total interest-earning assets	211,352	1,527	2.89%	182,785	1,330	2.91%
Non-interest earning assets	7,784			11,653		
Total assets	$ 219,136			$ 194,438		
Interest-bearing liabilities:						
Deposits:						
Savings accounts	$ 31,696	$ 16	0.20%	$ 31,989	$ 17	0.21%
Certificates of deposit	78,650	274	1.39%	74,158	257	1.39%
Money market accounts	33,902	32	0.38%	42,040	40	0.38%
NOW accounts	13,911	4	0.12%	15,662	3	0.08%
Total interest-bearing deposits	158,159	326	0.82%	163,849	317	0.77%
Borrowings						
Total interest-bearing liabilities	158,159	326	0.82%	163,849	317	0.77%
Demand deposit accounts	14,294			7,907		
Other noninterest-bearing liabilities	677			1,101		
Total liabilites	173,130			172,857		
Stockholders equity	46,006			21,581		
Total liabilities and stockholders equity	$ 219,136			$ 194,438		
Net interest income		$ 1,201			$ 1,013	
Net interest rate spread (3)			2.07%			2.14%

Net interest-earning assets (4)	$ 53,193		$ 18,936	
Net interest margin (5)		2.27%		2.22%
Average of interest-earning assets to interest-bearing liabilities	133.63%		111.56%	

(1) No tax equivalent adjustment was applied to tax exempt income for the three months ended September 30, 2015 and 2014 as the amount is not significant.
(2) Includes Federal Home Loan Bank stock, correspondent bank accounts, federal funds sold, money market funds and Co-operative Central Bank deposit.
(3) Net interest rate spread represents the difference between the weighted aveage yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
(4) Net interest -earning assets represents total interest-earning assets less total interest-bearing liabilities.
(5) Net interest margin represents net interest income as a percentage of average interest-earning assets.

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Comparison of Operating Results for the Nine Months Ended September 30, 2015 and 2014

General. Net income decreased $18,000, or 3.5%, to $503,000 for the nine months ended September 30, 2015 from $521,000 for the nine months ended September 30, 2014. Net income decreased primarily due to an increase in noninterest expenses, partially offset by an increase in interest and dividend income and a decrease in interest expense.

Interest and Dividend Income. Interest and dividend income increased $324,000, or 8.1%, to $4.3 million for the nine months ended September 30, 2015 from $4.0 million for the nine months ended September 30, 2014 primarily due to an increase in interest and fees on loans, which increased $204,000, or 5.9%, to $3.6 million for the nine months ended September 30, 2015 from $3.4 million for the nine months ended September 30, 2014. The increase of $204,000 in interest and fees on loans was the result of an increase in new loan originations.

Interest and dividends on securities increased $105,000, or 19.5%, to $643,000 for the nine months ended September 30, 2015 from $538,000 for the nine months ended September 30, 2014 resulting primarily from an increase of $4.7 million in the average balance of securities period to period.

Other interest income increased $15,000, or 125.1%, for the nine month period ended September 30, 2015 due primarily to an $11.8 million increase in the average balance of other interest-earning assets.

Interest Expense. Interest expense decreased $15,000, or 1.6%, to $943,000 for the nine months ended September 30, 2015 from $958,000 for the nine months ended September 30, 2014. The decrease was due to a decrease in the average balance of interest-bearing deposits of $7.1 million, or 4.4%, consisting of decreases of $729,000, or 2.3%, in the average balance of savings accounts, $686,000, or 0.9%, in the average balance of certificates of deposits, and $6.4 million, or 15.2%, in the average balance of money market accounts, partially offset by an increase of $669,000, or 5.3%, in the average balance of NOW accounts.

Net Interest and Dividend Income. Net interest and dividend income increased $339,000, or 11.2%, to $3.4 million for the nine months ended September 30, 2015 from $3.0 million for the nine months ended September 30, 2014 primarily due to an increase of $31.2 million, or 144.5%, in our net interest-earning assets to $52.8 million during the nine months ended September 30, 2015 from $21.6 million during the nine months ended September 30, 2014. This was offset in part as our net interest rate spread decreased fifteen basis points to 1.96% for the 2015 period from 2.11% for the 2014 period.

Provision for Loan Losses. We recorded a $45,000 provision for loan losses for the nine months ended September 30, 2015, compared to $10,000 recorded for the nine months ended September 30, 2014.

There were no charge-offs for the nine month periods ended September 30, 2015 and September 30, 2014. The allowance for loan losses was $565,000, or 0.37% of total loans, at September 30, 2015, an increase of $45,000, or 8.6%, compared to $520,000, or 0.39% of total loans, at December 31, 2014. Total nonperforming loans were $285,000 at September 30, 2015 compared to $623,000 at December 31, 2014. As a percentage of nonperforming loans, the allowance for loan losses was 198% at September 30, 2015 compared to 90.7% at December 31, 2014.

Noninterest Income. Noninterest income increased $43,000, or 23.6%, to $225,000 for the nine months ended September 30, 2015 from $182,000 for the nine months ended September 30, 2014 due primarily from an increase in other noninterest income from the redemption of a life insurance policy and gains on sales of available-for-sale securities, net of writedowns of securities, offset by a decrease in sales of loans as well as decreased fees and service charges.

There were no loans originated for sale and sold during the nine months ended September 30, 2015 resulting in a decrease of $19,000 for the period in gain on sales of loans. Fees and service charges decreased $19,000, or 21.8%, to $68,000 for the nine months ended September 30, 2015 from $87,000 for the nine months ended September 30, 2014. Other income increased $49,000, or 445.5%, to $60,000 for the nine months ended September 30, 2015 from $11,000 for the nine months ended September 30, 2014.

Noninterest Expense. Noninterest expense increased $364,000, or 14.9%, to $2.8 million for the nine months ended September 30, 2015 from $2.5 million for the nine months ended September 30, 2014. Noninterest expense increased primarily due to increases to salaries and employee benefits as well as audit and examination expense, occupancy expense, data processing expense, advertising expense, printing and supplies, and the expense for professional services associated with being a public company.

Salaries and employee benefits increased $261,000, or 17.2%, to $1.8 million for the nine months ended September 30, 2015 from $1.5 million for the nine months ended September 30, 2014 as a result of hiring additional loan staff as well as normal salary increases and increases in payroll taxes. Audit and examination expenses increased $38,000, or 38.4%, to $137,000 for the nine months ended September 30, 2015, from $99,000 for the nine months ended September 30, 2014. Occupancy expenses increased $19,000, or 9.0%, to $231,000 for the nine months ended September 30, 2015, from $212,000 for the nine months ended September 30, 2014. Data processing expenses increased $12,000, or 5.4%, to $235,000 for the nine months ended September 30, 2015, from $223,000 for the nine months ended September 30, 2014. Advertising expenses increased $14,000, or 15.7%, to $103,000 for the nine months ended September 30, 2015, from $89,000 for the nine months ended September 30, 2014. Printing and supply expenses increased $16,000, or 66.7%, to $40,000 for the nine months ended September 30, 2015, from $24,000 for the nine months ended September 30, 2014. The expense for professional services increased $34,000, or 64.2%, to $87,000 for the nine month period ended September 30, 2015 from $53,000 for the same period in 2014.

Income Tax Expense. Income tax expense increased $1,000, or 0.4%, to $238,000 for the nine months ended September 30, 2015 from $237,000 for the nine months ended September 30, 2014. The effective tax rate for the nine months ended September 30, 2015 and September 30, 2014 was 32.1% and 31.3%, respectively.

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Average Balances and Yields. The following tables set forth average balance sheets, average yields and costs, and certain other information for the nine months ended September 30, 2015 and 2014 (unaudited). All average balances are daily average balances based upon amortized costs. Non-accrual loans were included in the computation of average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Yields/rates for the nine months ended September 30, 2015 and 2014 are annualized.

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
(Dollars In Thousands)	**Average Outstanding Balance**	**Interest**	**Yield/Rate**	**Average Outstanding Balance**	**Interest**	**Yield/Rate**
Interest-earning assets:						
Loans	$ 138,833	$ 3,648	3.50%	$ 131,217	$ 3,444	3.50%
Securities (1)	44,492	643	1.93%	39,794	538	1.80%
Other interest-earning assets (2)	24,452	27	0.15%	12,657	12	0.13%
Total interest-earning assets	207,777	4,318	2.77%	183,668	3,994	2.90%
Non-interest earning assets	7,599			10,576		
Total assets	$ 215,376			$ 194,244		
Interest-bearing liabilities:						
Deposits:						
Savings accounts	$ 31,573	$ 49	0.21%	$ 32,302	$ 51	0.21%
Certificates of deposit	74,669	786	1.40%	75,355	782	1.38%
Money market accounts	35,530	98	0.37%	41,889	117	0.37%
NOW accounts	13,183	10	0.10%	12,514	8	0.09%
Total interest-bearing deposits	154,955	943	0.81%	162,060	958	0.79%
Borrowings						
Total interest-bearing liabilities	154,955	943	0.81%	162,060	958	0.79%
Demand deposit accounts	13,813			10,111		
Other noninterest-bearing liabilities	802			889		
Total liabilites	169,570			173,060		
Stockholders equity	45,806			21,184		
Total liabilities and stockholders equity	$ 215,376			$ 194,244		
Net interest income		$ 3,375			$ 3,036	
Net interest rate spread (3)			1.96%			2.11%
Net interest-earning assets (4)	$ 52,822			$ 21,608		

Net interest margin (5)		2.17%		2.20%
Average of interest-earning assets to interest-bearing liabilities	134.09%		113.33%	

(1) No tax equivalent adjustment was applied to tax exempt income for the nine months ended September 30, 2015 and 2014 as the amount is not significant.

(2) Includes Federal Home Loan Bank stock, correspondent bank accounts, federal funds sold, money market funds and Co-operative Central Bank deposit.

(3) Net interest rate spread represents the difference between the weighted aveage yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.

(4) Net interest -earning assets represents total interest-earning assets less total interest-bearing liabilities.

(5) Net interest margin represents net interest income as a percentage of average interest-earning assets.

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Rate/Volume Analysis. The following table presents the effects of changing interest rates and volumes on our net interest income for the time period indicated. The rate column shows the effects attributable to changes in rate (change in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (change in volume multiplied by prior rate). The net column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately, based on the changes due to rate and the changes due to volume.

	Three Months Ended September 30, 2015 vs. 2014			Nine Months Ended September 30, 2015 vs. 2014		
	Increase (Decrease) Due to		Total Increase	Increase (Decrease) Due to		Total Increase
(In thousands)	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)
Interest-earning assets:						
Loans (1)	$ 134	$ 2	$ 136	$ 204	$	$ 204
Securities (2)	27	31	58	65	40	105
Other interest-earning assets (3)	3		3	13	2	15
Total interest-earning assets	164	33	197	282	42	324
Interest-bearing liabilities						
Deposits:						
Savings accounts		(1)	(1)	(2)		(2)
Certificates of Deposit	16	1	17	(7)	11	4
Money market accounts	(8)		(8)	(19)		(19)
NOW accounts		1	1	1	1	2
Total interest-bearing deposits	8	1	9	(27)	12	(15)
Borrowings						
Total interest-bearing liabilities	8	1	9	(27)	12	(15)
Change in net interest income	$ 156	$ 32	$ 188	$ 309	$ 30	$ 339

(1) Includes non-accrual loans and interest received on such loans, and loans held-for-sale.
(2) Includes short-term investments.
(3) Includes Federal Home Loan Bank stock, correspondent bank accounts, federal funds sold, money market funds and Co-operative Central Bank deposit.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable, as the Registrant is a smaller reporting company.

Item 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company s management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of September 30, 2015. Based on that evaluation, the Company s management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Registrant s disclosure controls and procedures were effective.

During the quarter ended September 30, 2015, there have been no changes in the Company s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

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Part II Other Information

Item 1. Legal Proceedings

We are subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Bank s or the Company s financial condition or results of operations.

Item 1A. Risk Factors

Not applicable, as the Registrant is a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) There were no sales of unregistered securities during the period covered by this Report.

(b) There were no issuer repurchases of securities during the period covered by this Report.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	MELROSE BANCORP, INC.
Date: November 10, 2015	/s/ Jeffrey D. Jones Jeffrey D. Jones President and Chief Executive Officer
Date: November 10, 2015	/s/ Diane Indorato Diane Indorato Senior Vice President and Chief Financial Officer