Meetinghouse Bancorp, Inc.

2015

Notice of 2016 Annual Meeting
Proxy Statement

Meetinghouse Bancorp, Inc.

April 15, 2016

Dear Fellow Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Meetinghouse Bancorp, Inc. We will hold the meeting at the Phillips Old Colony House, 780 Morrissey Blvd., Dorchester, Massachusetts, on Tuesday, May 17, 2016, at 8:00 a.m., local time.

The notice of annual meeting and the proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we also will report on the operations of the Company. Directors and officers of the Company, as well as a representative of Baker Newman & Noyes, P.A., LLC, the Company's independent auditors, will be present to respond to appropriate questions from stockholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. To ensure your shares are represented, we urge you to return a completed proxy card. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the meeting.

Sincerely,

Anthony A. Paciulli
President and Chief Executive Officer

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MEETINGHOUSE BANCORP, INC.
2250 Dorchester Avenue
Dorchester, Massachusetts 02124
(617) 298-2250

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE .... 8:00 a.m., local time, Tuesday, May 17, 2016

PLACE .... Phillips Old Colony House
780 Morrissey Blvd.
Dorchester, Massachusetts

ITEMS OF BUSINESS .... (1) The election of two directors to serve for a term of three years;

(2) The ratification of the appointment of Baker Newman & Noyes, P.A., LLC to serve as the independent auditors for the fiscal year ending September 30, 2016; and

(3) The transaction of such other business as may properly come before the meeting and any adjournment or postponement of the meeting (Note: The Board of Directors is unaware of any such other business.).

VOTING RECORD DATE ...... In order to vote, you must have been a stockholder at the close of business on March 31, 2016.

PROXY VOTING .... It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the accompanying proxy card or the voting instruction card sent to you. Voting instructions are printed on the proxy card. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the accompanying proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

Daniel T. Flatley
Corporate Secretary

Dorchester, Massachusetts
April 15, 2016

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MEETINGHOUSE BANCORP, INC.

PROXY STATEMENT
FOR
2016 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

We are providing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of Meetinghouse Bancorp, Inc. for the 2016 annual meeting of stockholders and for any adjournment or postponement of the annual meeting.

Meetinghouse Bancorp is the holding company for Meetinghouse Bank. In this proxy statement, we may refer to Meetinghouse Bancorp, Inc. as "Meetinghouse Bancorp," the "Company," "we," "our" or "us" and to Meetinghouse Bank as the "Bank."

We will hold the annual meeting at the Phillips Old Colony House, 780 Morrissey Blvd., Dorchester, Massachusetts, on Tuesday, May 17, 2016, at 8:00 a.m., local time.

We intend to mail this proxy statement and a proxy card to stockholders of record beginning on or about April 15, 2016.

INFORMATION ABOUT VOTING

Who May Vote at the Meeting

You are entitled to vote your shares of Meetinghouse Bancorp common stock if the records of the Company show that you held your shares as of the close of business on March 31, 2016. As of the close of business on that date, a total of 661,250 shares of common stock were outstanding. Each share of common stock has one vote. However, our Articles of Incorporation provide that record holders of the Company's common stock who beneficially own, either directly or indirectly, in excess of 10% of the Company's outstanding shares are not entitled to any vote with respect to the shares held in excess of the 10% limit.

Ownership of Shares

You may own your shares of common stock in one or more of the following ways:

- Directly in your name as stockholder of record;
- Indirectly through a broker, bank or other holder of record in "street name"; or
- Indirectly through the Meetinghouse Bank Employee Stock Ownership Plan (the "ESOP") and Trust.

If your shares are registered directly in your name, you are the holder of record of those shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us to vote at the annual meeting or you may vote in person at the annual meeting.

If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by completing a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Refer to the instruction form provided by your broker, bank or other holder of record that accompanies your proxy materials. If you want to vote your shares of common stock held in street name in person at the annual meeting, you must obtain a written proxy in your name from the broker, bank or other holder who is the record holder of your shares.

If you own shares of common stock indirectly through the ESOP, see "*Participants in the ESOP*" below.

Attending the Meeting

Stockholders of the Company are invited to attend the annual meeting. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. Examples of proof of ownership are a recent brokerage account statement or a letter from your bank or broker.

Quorum and Vote Required

Quorum. We will have a quorum and will be able to conduct the business of the annual meeting if the holders of a majority of the outstanding shares of common stock entitled to vote are present at the meeting, either in person or by proxy.

Votes Required for Proposals. At this year's annual meeting, stockholders will elect two directors to serve for a term of three years. In voting on the election of directors, you may vote in favor of all nominees, withhold your vote as to all nominees or withhold your vote as to an individual nominee. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominee receiving the largest number of votes cast will be elected up to the maximum number of directors to be elected at the annual meeting. The maximum number of directors to be elected at the annual meeting is two.

In voting on the ratification of the appointment of the independent auditors, you may vote in favor of the proposal, vote against the proposal or abstain from voting. The affirmative vote of a majority of the votes cast at the annual meeting is required to approve this proposal.

Effect of Not Casting Your Vote

If you hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of directors (Item 1). Your bank, broker or other holder of record does not have discretion to vote your uninstructed shares in the election of directors. Therefore, if you hold your shares in street name and you do not instruct your bank, broker or other holder of record on how to vote in the election of directors, no votes will be cast on your behalf. These are referred to as "broker non-votes." Your bank, broker or other holder of record, however, does have discretion to vote any uninstructed shares on the ratification of the appointment of the independent auditors (Item 2). If you are a stockholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the annual meeting.

How We Count the Votes

If you return valid proxy instructions or attend the meeting in person, we will count your shares to determine whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum.

In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In counting votes on the proposal to ratify the appointment of the independent auditors, we will not count abstentions and broker non-votes as votes cast. Therefore, abstentions and broker non-votes will have no effect on the outcome of the proposal.

Voting by Proxy

We are sending you this proxy statement for the purpose of requesting that you allow your shares of Meetinghouse Bancorp common stock to be represented at the annual meeting by the designated proxies named by the Board of Directors. All shares of common stock represented at the annual meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Board of Directors.

The Board of Directors unanimously recommends a vote:

- **"FOR ALL" the nominees for director; and**

- **"FOR" the ratification of the appointment of Baker Newman & Noyes, P.A., LLC to serve as the independent auditors.**

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their own best judgment as to how to vote your shares. This includes a motion to adjourn or postpone the annual meeting in order to solicit additional proxies. If the annual meeting is postponed or adjourned, your common stock may be voted by the persons named in the proxy card on the new meeting date as well, unless you have revoked your proxy. We do not know of any other matters to be presented at the annual meeting.

You may revoke your proxy at any time before the vote is taken at the annual meeting. To revoke your proxy, you must advise the Company's Corporate Secretary in writing before your shares have been voted at the annual meeting, deliver valid proxy instructions with a later date, or attend the annual meeting and vote your shares in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

Participants in the ESOP

If you participate in the ESOP, you will receive a voting instruction form that reflects all shares that you may direct the trustees to vote on your behalf under the ESOP. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each participant in the ESOP may direct the trustee how to vote the shares of Company common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary duties, will vote all unallocated shares of common stock held by the ESOP and all allocated shares for which no timely voting instructions are received in the same proportion as shares for which it has received valid voting instructions. **The deadline for returning your voting instruction form is May 10, 2016.**

CORPORATE GOVERNANCE

General

We periodically review our corporate governance policies and procedures to ensure that it meets the highest standards of ethical conduct, reports results with accuracy and transparency and fully complies with the laws, rules and regulations that govern its operations. As part of this periodic corporate governance review, the Board of Directors reviews and adopts best corporate governance policies and practices for the Company.

Code of Ethics and Business Conduct

We have adopted a Code of Ethics and Business Conduct (the "Code of Ethics") that is designed to ensure that the Company's and the Bank's directors and employees meet the highest standards of ethical conduct. The Code of Ethics, which applies to all employees and directors, addresses conflicts of interest, the treatment of confidential information, general employee conduct and compliance with applicable laws, rules and regulations. In addition, the Code of Ethics is designed to deter wrongdoing and promote honest and ethical conduct, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations.

Director Independence

The Board of Directors currently consists of six members, all of whom are considered independent under the listing standards of the Nasdaq Stock Market, except for Anthony A. Paciulli who we employ as our President and Chief Executive Officer.

Committees of the Board of Directors

The following table identifies our standing committees and their members. The members of the Audit Committee, the Compensation Committee, and the Nominating/Corporate Governance Committee are considered independent according to the relevant listing standards of the Nasdaq Stock Market. The charter of each committee is available in the Investor Relations section of the Bank's website *(www.meetinghousebank.com)*.

Director	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee
John C. Driscoll		X	X
Daniel T. Flatley			
Barry T. Hannon	X		
Paul G. Hughes	Chairman		
Anthony A. Paciulli			
Richard W. Shea	X	Chairman	Chairman
Number of Meetings in Fiscal Year 2015 (1)	12	2	2

(1) Includes committee meetings for Meetinghouse Bank.

Audit Committee. The Audit Committee meets periodically with the Company's independent registered public accounting firm and management to review accounting, auditing, internal control structure and financial reporting matters.

Compensation Committee. The Compensation Committee approves the compensation objectives for the Company and the Bank, establishes the compensation for the Company's and Bank's senior management and conducts the performance review of the President and Chief Executive Officer. The Compensation Committee reviews all components of compensation, including salaries, cash incentive plans, long-term incentive plans and various employee benefit matters. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors. The Committee also assists the Board of Directors in evaluating potential candidates for executive positions.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee assists the Board of Directors in: (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board; (ii) recommending to the Board the director nominees for the next annual meeting; (iii) implementing policies and practices relating to corporate governance, including implementation of and monitoring adherence to corporate governance guidelines; (iv) leading the Board in its annual review of the Board's performance; and (v) recommending director nominees for each committee

Board and Committee Meetings

The business of Meetinghouse Bancorp and Meetinghouse Bank is conducted through meetings and activities of their respective Boards of Directors and committees. During the fiscal year ended September 30, 2015, the Board of Directors of Meetinghouse Bancorp held 12 meetings and the Board of Directors of Meetinghouse Bank held 12 meetings. No director attended fewer than 75% of the total meetings of the Boards of Directors and of the committees on which that director served.

Director Compensation

Meetinghouse Bancorp pays each of its directors an annual retainer of $1,000. The following table sets forth the applicable retainers and fees paid to directors for their service on the Board of Directors of Meetinghouse Bank during the fiscal year ended September 30, 2015.

Monthly fee (Chairman of the Board)	$925
Monthly fee (All other Board members)	700

For the year ended September 30, 2015, Meetinghouse Bancorp and Meetinghouse Bank together paid an aggregate of $59,100 in fees and retainers to their directors.

Executive Compensation

The Compensation Committee is appointed by the Board of Directors to discharge the Board's responsibilities relating to executive compensation. See *"—Committees of the Board of Directors – Compensation Committee"* above.

STOCK OWNERSHIP

The following table provides information, as of March 31, 2016, about certain beneficial owners of our common stock. We know of no persons or entities that beneficially own more than 5% of our common stock other than those disclosed below. A person may be considered to beneficially own any shares of common stock over which the person has, directly or indirectly, sole or shared voting or investment power.

	Number of Shares Owned	Percent of Common Stock Outstanding (1)
M3 Funds, LLC M3 Partners, LP M3F, Inc. Jason A. Stock William C. Waller 10 Exchange Place, Suite 510 Salt Lake City, Utah 84111	50,417 (2)	7.6%
Maltese Capital Management, LLC Maltese Capital Holdings, LLC Malta Thrift Fund, L.P. Terry Maltese 150 East 52nd Street, 30th Floor New York, New York 10022	47,500 (3)	7.2
Meetinghouse Bank Employee Stock Ownership Plan 2250 Dorchester Avenue Dorchester, MA 02124	46,287 (4)	7.0

* Less than 1%.
(1) Based on 661,250 shares outstanding as of March 31, 2016.
(2) As reported on a Schedule 13G/A filed with the Securities and Exchange Commission (the "SEC") on February 12, 2015.
(3) As reported on a Schedule 13G/A filed with the SEC on February 11, 2016.
(4) As reported on a Schedule 13G/A filed with the SEC on February 1, 2016.

The following table provides information, as of March 31, 2016, about the shares of common stock that may be considered to be beneficially owned by our directors and executive officers. A person may be considered to beneficially own any shares of common stock over which he has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, each individual has sole voting and investment power with respect to the shares shown and has not pledged any of his shares.

Name	Number of Shares Owned	Number of Shares That May Be Acquired Within 60 Days By Exercising Options	Total	Percent of Common Stock Outstanding (1)
***Directors*:**				
John C. Driscoll	1,823 (2)	472	2,295	*
Daniel T. Flatley	11,323 (3)	472	11,795	1.8
Barry T. Hannon	11,323 (4)	472	11,795	1.8
Paul G. Hughes	26,323 (5)	472	26,795	4.0
Anthony A. Paciulli.	29,351 (6)	2,361	31,712	4.8
Richard W. Shea.	21,123 (7)	472	21,595	3.3
***Executive Officers Who Are Not Directors*:**				
Wayne Gove	6,331 (8)	1,416	7,747	1.2
Steven K. Borgerson	8,535 (9)	944	9,479	1.4
All Directors and Executive Officers as a Group (8 persons)	116,132	7,081	123,213	18.4

(1) Based on 661,250 shares outstanding as of March 31, 2016.
(2) Includes 882 unvested shares of restricted stock.
(3) Includes 882 unvested shares of restricted stock and 10,000 shares held by a trust.
(4) Includes 882 unvested shares of restricted stock.
(5) Includes 882 unvested shares of restricted stock and 10,000 shares held by spouse.
(6) Includes 5,290 unvested shares of restricted stock, 3,200 shares held in an individual retirement account ("IRA") and 3,172 allocated shares held in the ESOP.
(7) Includes 882 unvested shares of restricted stock.
(8) Includes 3,350 unvested shares of restricted stock, 750 shares held in an IRA and 1,614 allocated shares held in the ESOP.
(9) Includes 2,205 unvested shares of restricted stock and 1,744 allocated shares held in the ESOP.

ITEMS OF BUSINESS TO BE VOTED ON BY STOCKHOLDERS

Item 1 — Election of Directors

Our Board of Directors consists of six members. The Board of Directors is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year. There are no family relationships among the directors.

William J. Fitzgerald resigned from the Board of Directors effective October 30, 2015. He would have been the sole director in the class of directors up for election at the annual meeting. Daniel T. Flatley and Anthony A. Paciulli have consented to be nominated, and the Board of Directors, at the recommendation of the Nominating/Corporate Governance Committee, has nominated them, for election to serve for a three-year term, or until their successors have been elected and qualified. Messrs. Flatley and Paciulli are currently directors of both the Company and the Bank.

The Board of Directors intends to vote the proxies solicited by it in favor of the election of all of the nominees named above. If any nominee is unable to serve, the persons named in the proxy card will vote your shares to approve the election of any substitute proposed by the Board of Directors. Alternatively, the Board of Directors may adopt a resolution to reduce the size of the Board of Directors. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

The Board of Directors recommends a vote "FOR ALL" of the nominees for director.

Information regarding the Board of Directors' nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his current occupation for the last five years. The age indicated in each individual's biography is as of September 30, 2015. The indicated period for service as a director includes service as a director of Meetinghouse Bank.

Director Nominees for a Term Expiring in 2019

Daniel T. Flatley is the Corporate Secretary of Meetinghouse Bancorp and the Clerk of Meetinghouse Bank. He is a Vice President of The Flatley Company, in Braintree, Massachusetts, one of the largest commercial real estate development companies in the Northeast. Age 57. Director since 1992.

Anthony A. Paciulli has served as the President and Chief Executive Officer of Meetinghouse Bank since March 2006. He previously served as a Managing Director of Rockland Trust Company in Rockland, Massachusetts from 2001 to 2006. Before joining Rockland Trust Company, he served as the Senior Lending Officer at Abington Bank in Abington, Massachusetts. Age 66. Director since 2006.

Directors Continuing in Office with Terms Expiring in 2017

Barry T. Hannon retired in 2010 as an attorney. He was a sole practitioner specializing in real estate law and family law. Age 79. Director since 1986.

Paul G. Hughes retired in 1996 from Brown Brothers Harriman & Co., a privately-held financial institution providing individuals and corporations with expertise in corporate banking, mergers and acquisitions advisory, investment management, wealth management, and investor relations. Age 76. Director since 1983.

Directors Continuing in Office With Terms Expiring in 2018

John C. Driscoll has been employed by The Driscoll Agency, an insurance agency, since 1981 and has served as its President since 2009. Age 56. Director since 2012.

Richard W. Shea is a dentist specializing in general dentistry in West Roxbury, Massachusetts. He is also a professor at Tufts University School of Dental Medicine. Age 53. Director since 1995.

Item 2 — Ratification of Appointment of Independent Auditors

Baker Newman & Noyes, P.A., LLC served as the Company's independent auditors for the 2015 fiscal year. The Audit Committee of the Board of Directors has appointed Baker Newman & Noyes, P.A., LLC to serve as the Company's independent auditors for the 2016 fiscal year, subject to ratification by stockholders. A representative of Baker Newman & Noyes, P.A., LLC is expected to be present at the annual meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement should he desire to do so.

If the appointment of the independent auditors is not ratified by a majority of the votes cast by stockholders at the annual meeting, the Audit Committee of the Board of Directors will consider other independent auditors.

The Board of Directors unanimously recommends that stockholders vote "FOR" the ratification of the appointment of Baker Newman & Noyes, P.A., LLC to serve as the Company's independent auditors.

SUBMISSION OF STOCKHOLDER BUSINESS PROPOSALS AND NOMINATIONS

The Company's Bylaws provide that, in order for a stockholder to make nominations for the election of directors or proposals for business to be brought before the annual meeting, a stockholder must deliver notice of such nominations and/or proposals to the Corporate Secretary not less than 90 nor more than 120 days before the date of the annual meeting; provided that if less than 100 days' notice of the annual meeting is given to stockholders, such notice must be delivered not later than the close of the tenth day following the day on which notice of the annual meeting was mailed to stockholders. A copy of the Bylaws may be obtained from the Company.

MISCELLANEOUS

The Company will pay the cost of this proxy solicitation and will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses they incur in sending proxy materials to the beneficial owners of Meetinghouse Bancorp common stock. In addition to soliciting proxies by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telephone without receiving additional compensation.

A copy of the 2015 Annual Report accompanies this proxy statement. It is not considered part of this proxy statement.

Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning a proxy card.

BY ORDER OF THE BOARD OF DIRECTORS

Daniel T. Flatley
Corporate Secretary

Dorchester, Massachusetts
April 15, 2016

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BAKER
NEWMAN
NOYES

Baker Newman & Noyes, LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnncpa.com

INDEPENDENT AUDITOR'S REPORT

The Audit Committee
Meetinghouse Bancorp, Inc.
Dorchester, Massachusetts

We have audited the accompanying consolidated balance sheet of Meetinghouse Bancorp, Inc. and Subsidiary (the Company) as of September 30, 2015, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Meetinghouse Bancorp, Inc. and Subsidiary as of September 30, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of Meetinghouse Bancorp, Inc. and Subsidiary, as of and for the year ended September 30, 2014, were audited by other auditors whose report dated December 29, 2014 expressed an unmodified opinion on those statements.

Baker Newman & Noyes
LIMITED LIABILITY COMPANY

West Peabody, Massachusetts
January 25, 2016

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MEETINGHOUSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

September 30, 2015 and 2014

(Dollars in Thousands, Except Share Data)

ASSETS	2015	2014
Cash and due from banks	$ 2,805	$ 4,943
Federal funds sold	1,909	942
Interest-bearing demand deposits with other banks	62	53
Cash and cash equivalents	4,776	5,938
Interest-bearing time deposits in other banks	2,227	1,985
Investments in available-for-sale securities (at fair value)	16,139	16,638
Federal Home Loan Bank stock, at cost	958	754
Loans held-for-sale	5,491	2,727
Loans, net of allowance for loan losses of $572 as of September 30, 2015 and $506 as of September 30, 2014	86,561	77,015
Premises and equipment	1,688	1,772
Investment in real estate	1,124	1,090
Cooperative Central Bank deposit	427	427
Accrued interest receivable	318	273
Other assets	475	544
Total assets	$ 120,184	$ 109,163

LIABILITIES AND STOCKHOLDERS' EQUITY	2015	2014
Deposits:		
Noninterest-bearing	$ 18,850	$ 14,355
Interest-bearing	80,739	73,128
Total deposits	99,589	87,483
Federal Home Loan Bank advances	9,380	10,953
Deferred income tax liability, net	235	58
Other liabilities	335	219
Total liabilities	109,539	98,713
Stockholders' equity:		
Preferred stock, 500,000 shares authorized; none outstanding	-	-
Common stock, $.01 par value; 5,000,000 shares authorized; 661,250 and 679,769 shares issued and outstanding at September 30, 2015 and 2014, respectively	7	7
Additional paid-in capital	5,692	5,903
Retained earnings	5,240	5,035
Unearned compensation - ESOP (24,807 and 32,439 shares unallocated at September 30, 2015 and 2014, respectively)	(261)	(341)
Unearned compensation - restricted stock awards	(232)	(221)
Accumulated other comprehensive income	199	67
Total stockholders' equity	10,645	10,450
Total liabilities and stockholders' equity	$ 120,184	$ 109,163

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

MEETINGHOUSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2015 and 2014

(Dollars in Thousands)

	2015	2014
Interest and dividend income:		
Interest and fees on loans	$ 3,659	$ 2,962
Interest and dividends on securities	417	292
Other interest	23	28
Total interest and dividend income	4,099	3,282
Interest expense:		
Interest on deposits	700	583
Interest on Federal Home Loan Bank advances	111	34
Total interest expense	811	617
Net interest and dividend income	3,288	2,665
Provision for loan losses	66	69
Net interest and dividend income after provision for loan losses	3,222	2,596
Noninterest income:		
Gain on secondary market activities	882	555
Customer service fees	372	295
Other income	75	46
Total noninterest income	1,329	896
Noninterest expense:		
Salaries and employee benefits	2,279	1,976
Occupancy and equipment expense	534	477
Professional fees	432	420
Data processing	353	294
Deposit insurance expense	92	63
Advertising	89	100
Supplies	60	46
Insurance	47	47
Other expense	321	276
Total noninterest expense	4,207	3,699
Income (loss) before income tax expense (benefit)	344	(207)
Income tax expense (benefit)	139	(63)
Net income (loss)	$ 205	$ (144)
Earnings (loss) per share:		
Basic	$ 0.33	$ (0.23)
Diluted	$ 0.32	$ (0.23)
Weighted average shares outstanding		
Basic	626,411	621,184
Diluted	631,120	621,184

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

MEETINGHOUSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years Ended September 30, 2015 and 2014

(In Thousands)

	2015	2014
Net income (loss)	$ 205	$ (144)
Other comprehensive income, net of tax:		
Net change in unrealized holding gain on available-for-sale securities, net of tax	132	29
Other comprehensive income, net of tax	132	29
Comprehensive income (loss)	$ 337	$ (115)

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

MEETINGHOUSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended September 30, 2015 and 2014

(Dollars In Thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Unearned Compensation - ESOP	Unearned Compensation - Restricted Stock Awards	Accumulated Other Comprehensive Income	Total
Balance, September 30, 2013	661,250	$ 7	$ 5,645	$ 5,179	$ (482)	$ -	$ 38	$ 10,387
Net loss				(144)				(144)
Other comprehensive income, net of tax							29	29
Issuance of restricted stock awards	18,519		234			(234)		
Compensation expense - restricted stock awards						13		13
Common stock released by ESOP (7,632 shares)			15		80			95
Common stock committed to be released by ESOP (5,724 shares)			9		61			70
Balance, September 30, 2014	679,769	7	5,903	5,035	(341)	(221)	67	10,450
Net income				205				205
Other comprehensive income, net of tax							132	132
Issuance of restricted stock awards	7,669		104			(104)		
Compensation expense - restricted stock awards						93		93
Compensation expense - stock options			14					14
Shares repurchased	(26,188)		(352)					(352)
Common stock released by ESOP (1,908 shares)			5		20			25
Common stock committed to be released by ESOP (5,724 shares)			18		60			78
Balance, September 30, 2015	661,250	$ 7	$ 5,692	$ 5,240	$ (261)	$ (232)	$ 199	$ 10,645

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

MEETINGHOUSE BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2015 and 2014

(In Thousands)

	2015	2014
Cash flows from operating activities:		
Net income (loss)	$ 205	$ (144)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization of securities, net	36	29
Provision for loan losses	66	69
Change in deferred loan costs, net	(43)	(171)
Loans originated for sale	(83,396)	(44,943)
Proceeds from sale of loans	81,942	43,516
Gain on loans sold	(1,310)	(551)
Depreciation and amortization	178	162
Compensation expense - restricted stock awards	93	13
Compensation expense - ESOP	103	93
Compensation expense - stock options	14	-
Increase in accrued interest receivable	(45)	(76)
Decrease (increase) in other assets	64	(63)
Deferred tax expense (benefit)	95	(66)
Increase (decrease) in accrued expenses and other liabilities	116	(84)
Net cash used in operating activities	(1,882)	(2,216)
Cash flows from investing activities:		
Purchases of interest-bearing time deposits in other banks	(1,979)	(1,738)
Proceeds from maturities of interest-bearing time deposits in other banks	1,737	3,900
Purchases of available-for-sale securities	(1,402)	(12,755)
Proceeds from maturities of available-for-sale securities	2,079	1,443
Loan originations and principal collections, net	(9,569)	(18,976)
Recoveries of loans previously charged off	-	2
Purchase of Federal Home Loan Bank stock, net	(204)	(472)
Capital expenditures	(123)	(207)
Net cash used in investing activities	(9,461)	(28,803)
Cash flows from financing activities:		
Net increase in demand deposits, NOW and savings accounts	5,817	7,222
Net increase in time deposits	6,289	14,069
Proceeds from Federal Home Loan Bank long-term advances	-	5,000
Net change in Federal Home Loan Bank short-term advances	(1,000)	6,000
Repayments of long-term advances from Federal Home Loan Bank	(573)	(47)
Common stock repurchased	(352)	-
Net cash provided by financing activities	10,181	32,244
Net (decrease) increase in cash and cash equivalents	(1,162)	1,225
Cash and cash equivalents at beginning of year	5,938	4,713
Cash and cash equivalents at end of year	$ 4,776	$ 5,938
Supplemental disclosures:		
Interest paid	$ 811	$ 609
Income taxes paid	178	2

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

MEETINGHOUSE BANCORP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS

Meetinghouse Bancorp, Inc. (the "Company") is the registered bank holding company for Meetinghouse Bank (the "Bank"). The Bank, a Massachusetts co-operative bank, is headquartered in Dorchester, Massachusetts. The Bank is engaged principally in the business of attracting deposits from the general public and investing those deposits in residential and commercial real estate loans, and in consumer and small business loans.

On January 17, 2012, the Board of Directors of the Bank adopted a plan of conversion under which the Bank would convert from a Massachusetts-chartered mutual co-operative bank to a Massachusetts-chartered stock co-operative bank and become the wholly-owned subsidiary of a newly chartered stock holding company, Meetinghouse Bancorp, Inc. ("the Company"). The conversion was subject to approval by the Federal Reserve Board and the Massachusetts Division of Banks, non-objection by the Federal Deposit Insurance Corporation, and approval by the depositors of the Bank, and included the filing of a registration statement with the U.S. Securities and Exchange Commission ("SEC"). Such approvals and non-objections were obtained and, effective November 19, 2012, the Company completed its initial public offering in connection with the conversion transaction by selling a total of 661,250 shares of common stock at a purchase price of $10.00 per share in a subscription offering, of which 27,700 shares were purchased by the Company's employee stock ownership plan (the "ESOP"). An additional 18,587 shares were purchased by the ESOP in the open market subsequent to the initial public offering.

The cost of conversion and issuing the capital stock has been deducted from the proceeds of the offering. The Company incurred $961,000 in conversion costs which were netted against the proceeds of the initial public offering.

NOTE 2 - ACCOUNTING POLICIES

The accounting and reporting policies of the Company and its subsidiary conform to accounting principles generally accepted in the United States of America ("GAAP") and predominant practices within the banking industry. The consolidated financial statements are prepared using the accrual basis of accounting. The significant accounting policies are summarized below to assist the reader in better understanding the consolidated financial statements and other data contained herein.

USE OF ESTIMATES:

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the 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, the fair value of investment securities and deferred income taxes.

BASIS OF PRESENTATION:

The accompanying consolidated financial statements include the accounts of Meetinghouse Bancorp, Inc. and its wholly-owned subsidiary, Meetinghouse Bank, and the Bank's wholly-owned subsidiaries, Meetinghouse Securities Corporation, which was established solely for the purpose of acquiring and holding investments permissible for banks to hold under Massachusetts law; and Richmond Street Realty

Trust, which was formed to manage the Bank's investment in real estate. All significant intercompany accounts and transactions have been eliminated in the consolidation.

CASH AND CASH EQUIVALENTS:

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash items, due from banks, federal funds sold and interest-bearing demand deposits with other banks.

SECURITIES:

Investments in debt securities are adjusted for amortization of premiums and accretion of discounts computed so as to approximate the interest method. Gains or losses on sales of investment securities are computed on a specific identification basis.

The Company classifies debt and equity securities into one of three categories: held-to-maturity, available-for-sale, or trading. These security classifications may be modified after acquisition only under certain specified conditions. In general, securities may be classified as held-to-maturity only if the Company has the positive intent and ability to hold them to maturity. Trading securities are defined as those bought and held principally for the purpose of selling them in the near term. All other securities must be classified as available-for-sale.

-- Held-to-maturity securities are measured at amortized cost in the consolidated balance sheets. Unrealized holding gains and losses are not included in earnings or in a separate component of stockholders' equity; they are merely disclosed in the notes to the consolidated financial statements.

-- Available-for-sale securities are carried at fair value on the consolidated balance sheets. Unrealized holding gains and losses are not included in earnings, but are reported as a net amount (less expected tax) in a separate component of stockholders' equity until realized.

-- Trading securities are carried at fair value on the consolidated balance sheets. Unrealized holding gains and losses for trading securities are included in earnings.

For any debt security with a fair value less than its amortized cost basis, the Company will determine whether it has the intent to sell the debt security or whether it is more likely than not it will be required to sell the debt security before the recovery of its amortized cost basis. If either condition is met, the Company will recognize a full impairment charge to earnings. For all other debt securities that are considered other-than-temporarily impaired and do not meet either condition, the credit loss portion of impairment will be recognized in earnings as realized losses. The other-than-temporary impairment related to all other factors will be recorded in other comprehensive income.

Declines in marketable equity securities below their cost that are deemed other than temporary are reflected in earnings as realized losses.

As a member of the Federal Home Loan Bank of Boston (FHLB), the Company is required to invest in $100 par value stock of the FHLB. The FHLB capital structure mandates that members must own stock as determined by their Total Stock Investment Requirement which is the sum of a member's Membership Stock Investment Requirement and Activity-Based Stock Investment Requirement. The Membership Stock Investment Requirement is calculated as 0.35% of a member's Stock Investment Base, subject to a minimum investment of $10,000 and a maximum investment of $25,000,000. The Stock Investment Base is an amount calculated based on certain assets held by a member that are reflected on call reports submitted to applicable regulatory authorities. The Activity-Based Stock Investment Requirement is calculated as 3.0% for overnight advances, 4.0% for FHLB advances with original terms to maturity of two days to three months and 4.5% for other advances plus a percentage of advance commitments, 0.5% of standby letters of credit issued by the FHLB and 4.5% of the value of intermediated derivative contracts. Management evaluates the Company's investment in FHLB stock for other-than-temporary impairment at least on a quarterly basis and more frequently when economic or market conditions warrant such evaluation. Based on its most recent analysis of the FHLB as of September 30, 2015, management deems its investment in FHLB stock to be not other-than-temporarily impaired.

LOANS HELD-FOR-SALE:

Loans held-for-sale are carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses are recognized through a valuation allowance by charges to income.

LOANS:

Loans receivable that management has the intent and ability to hold until maturity or payoff are reported at their outstanding principal balances adjusted for amounts due to borrowers on unadvanced loans, any charge-offs, the allowance for loan losses and any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans.

Interest on loans is recognized on a simple interest basis.

Loan origination and commitment fees and certain direct origination costs are deferred, and the net amount amortized as an adjustment of the related loan's yield. The Company is amortizing these amounts over the contractual lives of the related loans.

Residential real estate loans are generally placed on nonaccrual when reaching 90 days past due or in process of foreclosure. All closed-end consumer loans 90 days or more past due and any equity line in the process of foreclosure are placed on nonaccrual status. Secured consumer loans are written down to realizable value and unsecured consumer loans are charged off upon reaching 120 or 180 days past due depending on the type of loan. Commercial real estate loans and commercial business loans and leases which are 90 days or more past due are placed on nonaccrual status, unless secured by sufficient cash or other assets immediately convertible to cash. When a loan has been placed on nonaccrual status, previously accrued and uncollected interest is reversed against interest on loans. A loan can be returned to accrual status when collectability of principal is reasonably assured and the loan has performed for a period of time, generally six months.

Cash receipts of interest income on impaired loans are credited to principal to the extent necessary to eliminate doubt as to the collectability of the net carrying amount of the loan. Some or all of the cash receipts of interest income on impaired loans is recognized as interest income if the remaining net carrying amount of the loan is deemed to be fully collectible. When recognition of interest income on an impaired loan on a cash basis is appropriate, the amount of income that is recognized is limited to that which would have been accrued on the net carrying amount of the loan at the contractual interest rate. Any cash interest payments received in excess of the limit and not applied to reduce the net carrying amount of the loan are recorded as recoveries of charge-offs until the charge-offs are fully recovered.

ALLOWANCE FOR LOAN LOSSES:

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management’s periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

General Component:

The general component of the allowance for loan losses is based on historical loss experience adjusted for qualitative factors stratified by the following loan segments: owner and non-owner occupied residential real estate, home equity, multifamily, commercial real estate, construction, commercial and consumer. Management uses a rolling average of historical losses based on a time frame appropriate to capture relevant loss data for each loan segment. This historical loss factor is adjusted for the following qualitative factors: levels/trends in delinquencies; trends in volume and terms of loans; effects of changes in risk selection and underwriting standards and other changes in lending policies, procedures and practices; experience/ability/depth of lending management and staff; and national and local economic trends and conditions. During fiscal year 2015, the Company enhanced its analysis of qualitative factors to more thoroughly support the selected factors within the general reserve.

The qualitative factors are determined based on the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

Residential real estate: Residential real estate includes owner and non-owner occupied real estate loans and home equity loans. The Company originates most of the loans in this segment according to FNMA/FHLMC underwriting guidelines. Most loans in this segment are collateralized by residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment. There are some non-owner occupied residential real estate loans with multiple investment properties that are evaluated as commercial real estate property.

Commercial real estate: Commercial real estate includes multi-family and certain non-owner occupied residential real estate. Loans in this segment are primarily income-producing properties throughout Massachusetts. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which, in turn, will have an effect on the credit quality in this segment. Management periodically obtains rent rolls and continually monitors the cash flows of these loans.

Construction loans: Loans in this segment primarily include speculative real estate development loans for which payment is derived from sale of the property. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Commercial loans: Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

Consumer loans: Loans in this segment are generally unsecured and repayment is dependent on the credit quality of the individual borrower.

Allocated Component:

The allocated component relates to loans that are classified as impaired. Impairment is measured on a loan by loan basis for commercial, commercial real estate and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. An allowance is established when the discounted cash flows (or collateral value) of the impaired loan are lower than the carrying value of that loan. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential real estate loans for impairment disclosures, unless such loans are subject to a troubled debt restructuring agreement.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The Company periodically may agree to modify the contractual terms of loans. When a loan is modified and a concession is made to a borrower experiencing financial difficulty, the modification is considered a troubled debt restructuring ("TDR"). All TDRs are classified as impaired.

Unallocated Component:

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio.

SERVICING:

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

PREMISES AND EQUIPMENT:

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Cost and related allowances for depreciation and amortization of premises and equipment retired or otherwise disposed of are removed from the respective accounts with any gain or loss included in income or expense. Depreciation and amortization are calculated principally on a straight-line basis over the estimated useful lives of the assets.

INVESTMENT IN REAL ESTATE:

Investment in real estate is carried at the lower of cost or estimated fair value and includes a building and land located adjacent to the Bank's parking lot in Dorchester, Massachusetts as well as property formerly held in other real estate owned. Lease income is included in other income and expenses for maintaining these assets are included in other expense. The buildings are being depreciated over their estimated useful lives.

OTHER REAL ESTATE OWNED AND IN-SUBSTANCE FORECLOSURES:

Other real estate owned includes properties acquired through foreclosure and properties classified as in-substance foreclosures in accordance with Accounting Standards Codification (ASC) 310-40, "Receivables-Troubled Debt Restructuring by Creditors." These properties are initially carried at estimated fair value, less estimated selling costs. Any writedown from cost to estimated fair value required at the time of foreclosure or classification as in-substance foreclosure is charged to the allowance for loan losses. Expenses incurred in connection with maintaining these assets, subsequent writedowns and gains or losses recognized upon sale are included in other expense.

In accordance with ASC 310-10-35, “Receivables-Overall-Subsequent Measurement,” the Company classifies loans as in-substance repossessed or foreclosed if the Company receives physical possession of the debtor’s assets regardless of whether formal foreclosure proceedings take place.

As of September 30, 2015 and 2014, the Company had no other real estate owned or in-substance foreclosure assets. At September 30, 2015, the Company had one mortgage loan collateralized by residential real estate with a recorded investment of $202,000 in the process of foreclosure.

ADVERTISING:

The Company directly expenses costs associated with advertising as they are incurred.

INCOME TAXES:

The Company recognizes income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are established for the temporary differences between the accounting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled.

FAIR VALUES OF FINANCIAL INSTRUMENTS:

ASC 825, “Financial Instruments,” requires that the Company disclose 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 sheet for cash and cash equivalents approximate those assets' fair values.

Interest-bearing time deposits with other banks: Fair values of interest-bearing time deposits with other banks are estimated using discounted cash flow analyses based on current rates for similar types of deposits.

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 estimated based on outstanding investor commitments or, in the absence of such commitments, are based on current investor yield requirements.

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 amounts of accrued interest receivable approximate their fair values.

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.

Federal Home Loan Bank advances: Fair values for Federal Home Loan Bank of Boston (FHLB) advances are estimated using a discounted cash flow technique that applies interest rates currently being offered on advances to a schedule of aggregated expected monthly maturities on FHLB advances.

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. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligation with the counterparties at the reporting date.

SHARE-BASED COMPENSATION PLAN:

The Company measures and recognizes compensation cost relating to share-based payment transactions based on the grant-date fair value of the equity instruments issued. Share-based compensation is recognized over the period the employee is required to provide service for the award. Reductions in compensation expense associated with forfeited options are estimated at the date of grant, and this estimated forfeiture rate is adjusted quarterly based on actual forfeiture experience. The Company uses the Black-Scholes option-pricing model to determine the fair value of stock options granted. See Note 13.

EMPLOYEE STOCK OWNERSHIP PLAN:

The Company established an Employee Stock Ownership Plan (ESOP) as part of its stock issuance on November 19, 2012. The ESOP is accounted for in accordance with ASC 718-40, "Compensation – Stock Compensation – Employee Stock Ownership Plan." Under ASC 718-40, unearned ESOP shares are not considered outstanding and are therefore not taken into account when computing earnings per share. Unearned ESOP shares are presented as a reduction to stockholders' equity and represent shares to be allocated to ESOP participants in future periods for services provided by the Company. As shares are committed to be released, compensation expense is recognized for the fair market value of the stock and stockholders' equity is increased by a corresponding amount. The loan to the ESOP will be repaid principally from the Bank's contributions to the ESOP over a period of 6.1 years. See Note 12.

RECENT ACCOUNTING PRONOUNCEMENTS:

In May 2014 and August 2015, respectively, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 and 2015-14, "Revenue from Contracts with Customers (Topic 606)." The objective of ASU 2014-09 is to clarify principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. The guidance in ASU 2014-09 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. The amendments in ASU 2015-14 defer the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted, but not before the original effective date (i.e., interim and annual reporting periods beginning after December 15, 2016). The Company is currently reviewing these ASUs to determine if it will have an 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): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." The amendments in this ASU 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. ASU 2015-07 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The guidance shall 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 November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." The amendments in this ASU require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this ASU apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this ASU. ASU 2015-17 is effective for interim and annual reporting periods beginning after December 15, 2016. The Company anticipates that the adoption of this ASU will not have a material impact on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." The amendments in this ASU address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments and makes targeted improvements to GAAP as follows:

1. Require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

2. Simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value.

3. Eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities.

4. Eliminate the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet.

5. Require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes.

6. Require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.

7. Require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements.

8. Clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination securities in combination with the entity's other deferred tax assets.

The amendments in this ASU supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities (including other ownership interests, such as partnerships, unincorporated joint ventures, and limited liability companies) to be measured at fair value with changes in the fair value recognized through net income. An entity's equity investments that are accounted for under the equity method of accounting or result in consolidation of an investee are not included within the scope of this ASU. The amendments allow equity investments that do not have readily determinable fair values to be remeasured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. The amendments also require enhanced disclosures about those investments. The amendments improve financial reporting by providing relevant information about an entity's equity investments and reducing the number of items that are recognized in other comprehensive income.

For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early application by public business entities to financial statements of fiscal years or interim periods that have not yet been issued or, by all other entities, that have not yet been made available for issuance of the following amendments in this ASU are permitted as of the beginning of the fiscal year of adoption:

1. An entity should present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk if the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.

2. Entities that are not public business entities are not required to apply the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50.

Except for the early application guidance discussed above, early adoption of the amendments in this ASU is not permitted.

The Company is currently reviewing this ASU to determine if it will have an impact on its consolidated financial statements.

NOTE 3 - EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share ("EPS") excludes dilution and is calculated by dividing net income (loss) applicable to common stock by the weighted-average number of shares of common stock outstanding during the period. Diluted EPS is computed in a manner similar to that of basic EPS except that the weighted-average number of common shares outstanding is increased to include the number of incremental common shares that would have been outstanding if all potentially dilutive common stock equivalents were issued during the period. Unallocated common shares held by the Company's Employee Stock Ownership Plan (the "ESOP") are shown as a reduction in stockholders' equity and are included in the weighted-average number of common shares outstanding for both basic and diluted EPS calculations as they are committed to be released.

EPS for the years ended September 30, 2015 and 2014 have been computed as follows (in thousands, except share data):

	September 30, 2015	September 30, 2014
Net income (loss) applicable to common stock	$ 205	$ (144)
Average number of shares issued	677,314	663,432
Average unallocated ESOP shares	(29,569)	(40,066)
Average unvested restricted stock awards	(21,334)	(2,182)
Average number of common shares outstanding used to calculate basic earnings (loss) per share	626,411	621,184
Effect of dilutive shares	4,709	-
Average number of common shares outstanding used to calculate diluted earnings (loss) per share	631,120	621,184
Basic earnings (loss) per share	$ 0.33	$ (0.23)
Diluted earnings (loss) per share	$ 0.32	$ (0.23)

Options to purchase 59,509 shares, representing all outstanding options, were included in the computation of diluted earnings per share for the twelve-month period ended September 30, 2015. There were no outstanding options during the twelve-month period ended September 30, 2014.

NOTE 4 - INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

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

	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2015:				
U.S. Government and federal agency obligations	$ 3,417	$ 73	$ 1	$ 3,489
Taxable municipal securities	297	4	-	301
Asset-backed securities	846	21	-	867
Mortgage-backed securities	11,255	238	11	11,482
	$ 15,815	$ 336	$ 12	$ 16,139
September 30, 2014:				
U.S. Government and federal agency obligations	$ 3,403	$ 10	$ 28	$ 3,385
Taxable municipal securities	301	-	2	299
Asset-backed securities	911	5	-	916
Mortgage-backed securities	11,913	158	33	12,038
	$ 16,528	$ 173	$ 63	$ 16,638

The fair value of debt securities by contractual maturity at September 30, 2015 is as follows:

	Amortized Cost Basis	Fair Value
Due after one year through five years	$ 750	$ 749
Due after five years through ten years	2,964	3,041
Asset-backed securities	846	867
Mortgage-backed securities	11,255	11,482
	$ 15,815	$ 16,139

There were no sales of available-for-sale securities during the years ended September 30, 2015 and 2014.

There were no securities of issuers which exceeded 10% of stockholders' equity as of September 30, 2015.

Information pertaining to securities with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows as of September 30:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2015:						
U.S. Government and federal agency obligations	$ 749	$ 1	$ -	$ -	$ 749	$ 1
Mortgage-backed securities	1,253	8	401	3	1,654	11
Total temporarily impaired securities	$ 2,002	$ 9	$ 401	$ 3	$ 2,403	$ 12
September 30, 2014:						
U.S. Government and federal agency obligations	$ 1,445	$ 22	$ 744	$ 6	$ 2,189	$ 28
Taxable municipal securities	299	2	-	-	299	2
Mortgage-backed securities	3,254	20	734	13	3,988	33
Total temporarily impaired securities	$ 4,998	$ 44	$ 1,478	$ 19	$ 6,476	$ 63

Management conducts, at least on a quarterly basis, a review of its investment securities to determine if the value of any security has declined below its amortized cost and whether such decline represents other-than-temporary impairment. The investments in the Company's investment portfolio that are temporarily impaired as of September 30, 2015 consist of 1 debt security issued by a U.S. Government federal agency and 8 mortgage-backed securities. The unrealized loss at September 30, 2015 is attributable to changes in market interest rates since the Company acquired the securities. As management has the ability and the intent to hold debt securities until recovery to cost basis, the declines are deemed to be not other-than-temporary.

NOTE 5 - LOANS

Loans consisted of the following as of September 30:

	2015	2014
	(In thousands)	
Real estate loans:		
Residential	$ 54,816	$ 48,654
Commercial	13,022	12,473
Construction	4,046	1,736
Multi-family	2,760	2,837
Total real estate	74,644	65,700
Commercial	2,979	2,940
Consumer loans:		
Home equity	7,532	6,989
Other	1,382	1,339
Total consumer	8,914	8,328
	86,537	76,968
Allowance for loan losses	(572)	(506)
Deferred loan costs, net	596	553
Net loans	$ 86,561	$ 77,015

Certain directors and executive officers of the Company and companies in which they have significant ownership interest were customers of the Bank during the year ended September 30, 2015. Total loans to such persons and their companies amounted to $239,000 as of September 30, 2015. During the year ended September 30, 2014, principal payments amounted to $25,000, and there were no principal advances.

The following tables set forth information regarding the allowance for loan losses by portfolio segment as of and during the years ended September 30:

September 30, 2015:

	Real Estate					Consumer				
(In thousands)	1-4 Family Owner Occupied	1-4 Family Non-Owner Occupied	Commercial	Construction	Multi-family	Commercial	Home Equity	Other	Unallocated	Total
Allowance for loan losses:										
Beginning balance	$ 165	$ 101	$ 86	$ 17	$ 28	$ 25	$ 41	$ 43	$ -	$ 506
Charge-offs	-	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-	-	-
Provision (benefit)	30	3	2	23	(8)	1	2	2	11	66
Ending balance	$ 195	$ 104	$ 88	$ 40	$ 20	$ 26	$ 43	$ 45	$ 11	$ 572
Allowance for loan losses:										
Ending balance: Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: Collectively evaluated for impairment	195	104	88	40	20	26	43	45	11	572
Total allowance for loan losses ending balance	$ 195	$ 104	$ 88	$ 40	$ 20	$ 26	$ 43	$ 45	$ 11	$ 572
Loans:										
Ending balance: Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: Collectively evaluated for impairment	38,868	15,948	13,022	4,046	2,760	2,979	7,532	1,382	-	86,537
Total loans ending balance	$ 38,868	$ 15,948	$ 13,022	$ 4,046	$ 2,760	$ 2,979	$ 7,532	$ 1,382	$ -	$ 86,537

September 30, 2014:

	Real Estate					Consumer			
(In thousands)	1-4 Family Owner Occupied	1-4 Family Non-Owner Occupied	Commercial	Construction	Multi-family	Commercial	Home Equity	Other	Total
Allowance for loan losses:									
Beginning balance	$ 178	$ 75	$ 81	$ 8	$ 17	$ 16	$ 31	$ 29	$ 435
Charge-offs	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	2	2
Benefit (provision)	(13)	26	5	9	11	9	10	12	69
Ending balance	$ 165	$ 101	$ 86	$ 17	$ 28	$ 25	$ 41	$ 43	$ 506
Allowance for loan losses:									
Ending balance: Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: Collectively evaluated for impairment	165	101	86	17	28	25	41	43	506
Total allowance for loan losses ending balance	$ 165	$ 101	$ 86	$ 17	$ 28	$ 25	$ 41	$ 43	$ 506
Loans:									
Ending balance: Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: Collectively evaluated for impairment	33,179	15,475	12,473	1,736	2,837	2,940	6,989	1,339	76,968
Total loans ending balance	$ 33,179	$ 15,475	$ 12,473	$ 1,736	$ 2,837	$ 2,940	$ 6,989	$ 1,339	$ 76,968

The following tables set forth information regarding nonaccrual loans and past-due loans as of September 30:

(In thousands)	30–59 Days Past Due	60–89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Current	Total Loans	90 Days or More Past Due and Accruing	Nonaccrual
September 30, 2015:								
Real estate:								
Residential	$ -	$ 183	$ -	$ 183	$ 54,633	$ 54,816	$ -	$ 327
Commercial	-	-	-	-	13,022	13,022	-	-
Construction	-	-	-	-	4,046	4,046	-	-
Multi-family	-	-	-	-	2,760	2,760	-	-
Commercial	-	-	-	-	2,979	2,979	-	-
Home equity	197	-	202	399	7,133	7,532	-	220
Other consumer	4	-	6	10	1,372	1,382	-	6
Total	$ 201	$ 183	$ 208	$ 592	$ 85,945	$ 86,537	$ -	$ 553

(In thousands)	30–59 Days Past Due	60–89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Current	Total Loans	90 Days or More Past Due and Accruing	Nonaccrual
September 30, 2014:								
Real estate:								
Residential	$ 386	$ 34	$ -	$ 420	$ 48,234	$ 48,654	$ -	$ -
Commercial	-	-	-	-	12,473	12,473	-	-
Construction	-	-	-	-	1,736	1,736	-	-
Multi-family	-	191	-	191	2,646	2,837	-	-
Commercial	-	-	-	-	2,940	2,940	-	-
Home equity	216	-	-	216	6,773	6,989	-	20
Other consumer	-	8	-	8	1,331	1,339	-	-
Total	$ 602	$ 233	$ -	$ 835	$ 76,133	$ 76,968	$ -	$ 20

As of and during the years ended September 30, 2015 and 2014, the Company had no loans that met the definition of an impaired loan in ASC 310-10-35.

As of and during the years ended September 30, 2015 and 2014, there were no loans that met the definition of a troubled debt restructured loan in ASC 310-40.

The following tables present the Company's loans by risk rating as of September 30:

	Real Estate					Consumer		
(In thousands)	Residential	Commercial	Construction	Multi-family	Commercial	Home Equity	Other	Total
September 30, 2015:								
Grade:								
Pass	$ -	$ 13,022	$ 4,046	$ 2,760	$ 2,584	$ -	$ -	$ 22,412
Special mention	354	-	-	-	395	20	-	769
Substandard	-	-	-	-	-	18	-	18
Doubtful	-	-	-	-	-	-	6	6
Not formally rated	54,462	-	-	-	-	7,494	1,376	63,332
Total	$ 54,816	$ 13,022	$ 4,046	$ 2,760	$ 2,979	$ 7,532	$ 1,382	$ 86,537

	Real Estate					Consumer		
(In thousands)	Residential	Commercial	Construction	Multi-family	Commercial	Home Equity	Other	Total
September 30, 2014:								
Grade:								
Pass	$ -	$ 12,473	$ 1,736	$ 2,837	$ 2,761	$ -	$ -	$ 19,807
Special mention	225	-	-	-	179	28	-	432
Substandard	-	-	-	-	-	20	-	20
Not formally rated	48,429	-	-	-	-	6,941	1,339	56,709
Total	$ 48,654	$ 12,473	$ 1,736	$ 2,837	$ 2,940	$ 6,989	$ 1,339	$ 76,968

Credit Quality Information

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

Loans rated 1 - 4: Loans in these categories are considered “pass” rated loans and conform in all respects to Company and regulatory requirements. These are also loans for which no repayment risk has been identified. Credit or collateral exceptions are minimal, are in the process of collection and do not represent significant risk.

Loans rated 5: Loans in this category are considered “special mention” and are fundamentally sound, but exhibit potentially unwarranted credit risk or other unsatisfactory characteristics. The likelihood of loss to the Company is remote.

Loans rated 6: Loans in this category are considered “substandard” and are inadequately protected by current sound net worth, paying capacity of the obligor, or the value of pledged collateral. Loans in this category also include those loans with unsatisfactory characteristics indicating higher levels of risk. The combination of one or more of these characteristics increases the possibility of loss to the Company.

Loans rated 7: Loans in this category are considered “doubtful.” Loans in this category exhibit weaknesses inherent in the substandard classification and, in addition, collection or liquidation in full is highly questionable.

Loans rated 8: Loans in this category are considered uncollectible (“loss”) and of such little value that their continuance as an active asset 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. For all residential real estate and consumer loans, the Company initially assesses credit quality based upon the borrower’s ability to service the debt and subsequently monitors these loans based upon the borrower’s payment activity.

Loans serviced for others are not included in the accompanying consolidated balance sheets. As of September 30, 2015 and 2014, the unpaid principal balances of loans serviced for others were $37,374,000 and $32,604,000, respectively.

In 2015 and 2014, the Company capitalized mortgage servicing rights totaling $129,000 and $118,000, respectively, and amortized $108,000 and $76,000, respectively. The balance of capitalized mortgage servicing rights included in other assets at September 30, 2015 and 2014 was $308,000 and $289,000, respectively. The fair value of the Company’s mortgage servicing rights at September 30, 2015 and 2014 was $433,000 and $388,000, respectively. Following is an analysis of the aggregate changes in the valuation allowance for mortgage servicing rights for the years ended September 30:

	2015	2014
	(In Thousands)	
Beginning balance	$ 2	$ 9
Additions	18	-
Reductions	(16)	(7)
Ending balance	$ 4	$ 2

NOTE 6 - PREMISES AND EQUIPMENT

The following is a summary of premises and equipment as of September 30:

	2015	2014
	(In Thousands)	
Land	$ 229	$ 229
Building and improvements	1,643	1,643
Furniture, fixtures and equipment	683	629
	2,555	2,501
Accumulated depreciation and amortization	(867)	(729)
	$ 1,688	$ 1,772

NOTE 7 - INVESTMENT IN REAL ESTATE

The balance in investment in real estate consisted of the following as of September 30:

	2015	2014
	(In Thousands)	
Land	$ 311	$ 311
Building	884	824
	1,195	1,135
Accumulated depreciation and amortization	(71)	(45)
	$ 1,124	$ 1,090

Rental income from investment in real estate amounted to $69,000 and $34,000 for the years ended September 30, 2015 and 2014, respectively.

NOTE 8 - DEPOSITS

The aggregate amount of time deposit accounts in denominations that meet or exceed the FDIC Insurance limit of $250,000 as of September 30, 2015 and 2014 was $21,323,000 and $17,471,000, respectively.

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

	(In Thousands)
2016	$ 33,752
2017	17,755
2018	4,242
2019	133
2020	286
	$ 56,168

NOTE 9 - FEDERAL HOME LOAN BANK ADVANCES

Advances consist of funds borrowed from the Federal Home Loan Bank of Boston (FHLB).

Maturities of advances from the FHLB for the years ending after September 30, 2015 are summarized as follows:

	(In Thousands)
2016	$ 5,580
2017	559
2018	254
2019	2,987
	$ 9,380

As of September 30, 2015, the interest rates on FHLB advances ranged from .49% to 2.16% with a weighted-average interest rate of 1.12%.

Amortizing advances are being repaid in equal monthly payments and are being amortized from the date of the advance to the maturity date on a direct reduction basis.

Borrowings from the FHLB are secured by a blanket lien on qualified collateral, consisting primarily of loans with first mortgages secured by one-to-four family properties.

NOTE 10 - INCOME TAXES

The components of income tax benefit are as follows during the years ended September 30:

	2015	2014
	(In Thousands)	
Current:		
Federal	$ 26	$ -
State	18	3
	44	3
Deferred:		
Federal	90	(61)
State	5	(5)
	95	(66)
Total income tax benefit	$ 139	$ (63)

The reasons for the differences between the statutory federal income tax rate and the effective tax rates are summarized as follows during the years ended September 30:

	2015	2014
	% of Income	% of Income
Federal income tax statutory rate	34.0 %	(34.0) %
Increase in tax resulting from:		
Other	1.9	4.4
State tax, net of federal tax benefit	4.5	(0.8)
Effective tax rates	40.4 %	(30.4) %

The Company had gross deferred tax assets and gross deferred tax liabilities as follows as of September 30:

	2015	2014
	(In Thousands)	
Deferred tax assets:		
Allowance for loan losses	$ 64	$ 38
Alternative minimum tax	-	20
Net operating loss carryovers	-	54
Charitable contribution carryover	-	13
Deferred ESOP expense	28	27
Non qualified stock options	6	-
Interest on nonperforming loans	2	-
Restricted stock awards	11	5
Gross deferred tax assets	111	157
Deferred tax liabilities:		
Mortgage servicing rights	(123)	(115)
Net unrealized holding gain on available-for-sale securities	(125)	(43)
Depreciation	(98)	(57)
Gross deferred tax liabilities	(346)	(215)
Net deferred tax liability	$ (235)	$ (58)

Deferred tax assets as of September 30, 2015 have not been reduced by a valuation allowance because management believes that it is more likely than not that the full amount of deferred tax assets will be realized.

The federal income tax reserve for loan losses at the Company's base year amounted to approximately $1,100,000. If any portion of the reserve is used for purposes other than to absorb losses for which established, approximately 150% of the amount actually used (limited to the amount of the reserve) would be subject to taxation in the fiscal year in which used. As the Company intends to use the reserve only to absorb loan losses, a deferred income tax liability of approximately $439,000 has not been provided.

It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. As of September 30, 2015, there were no material uncertain tax positions related to federal and state income tax matters.

NOTE 11 - EMPLOYEE BENEFITS

The Company has a *401(k)* plan which provides for voluntary contributions by participating employees ranging from one percent to seventy-five percent of their compensation, subject to certain limitations. The Company matches 100% of employee contributions up to a maximum of 5% of participant's compensation. Total expense recorded by the Company for the years ended September 30, 2015 and 2014 amounted to $94,000 and $72,000, respectively.

The Company and the Bank entered into a three-year employment agreement (Agreement) with an executive officer. The Agreement provides for a three-year term, subject to annual renewal by the boards of directors for an additional year beyond the then-current expiration date. The Agreement also provides for participation in incentive compensation and other employee benefits as described in the Agreement.

Under the terms of the Agreement, upon the occurrence of a change in control, as defined in the Agreement, followed by executive termination of employment, the Company shall pay the executive a lump sum cash payment equal to two times his base salary then in effect and average bonus paid during the two years prior to the change in control; and continued health and life insurance coverage for 24 months. If at the time of a change in control the remaining term of the Agreement is less than one year, then the term will automatically extend for a period of one year after the date of the change in control.

The Bank entered into two-year change in control agreements (Agreements) with an executive officer and an officer. Under the Agreements, if the employment of the executive officer or the officer is terminated for any reason other than cause as defined in the Agreements or if the executive officer or officer terminates employment for "good reason," in either case in connection with or within one year of a change in control and the executive officer or officer is not offered a comparable position with the successor company, the executive officer and/or the officer will receive a lump sum payment equal to two times his base salary then in effect and continued coverage under health and life insurance coverage for 24 months.

NOTE 12 - EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

The Bank has adopted a tax-qualified employee stock ownership plan ("ESOP") for the benefit of eligible employees. Effective November 19, 2012, the Bank converted from a Massachusetts-chartered mutual co-operative bank to a Massachusetts-chartered stock co-operative bank and become the wholly-owned subsidiary of the Company. The Company completed its initial public offering in connection with the conversion transaction by selling a total of 661,250 shares of common stock at a purchase price of $10.00 per share in a subscription offering, of which 27,700 shares were purchased by the Bank's ESOP. The ESOP acquired an additional 18,587 shares in the open market subsequent to the conversion.

The ESOP funded its stock purchase through a loan from the Company equal to 100% of the aggregate purchase price of the common stock. The ESOP trustee will repay the loan principally through the Bank's contributions to the ESOP and, possibly, dividends paid on common stock held by the plan over the loan term of 6.1 years.

The trustee holds the shares purchased in a loan suspense account and will release the shares from the suspense account on a pro rata basis as it repays the loan. The trustee will allocate the shares released among active participants on the basis of each active participant's proportional share of compensation for the plan year. Generally, participants will receive distributions from the ESOP upon separation from service. The trustee will reallocate any unvested shares of common stock forfeited by participants upon their separation from service among the remaining participants in the plan.

Under applicable accounting requirements, the Company will record a compensation expense for the ESOP equal to the fair market value of the shares when they are committed to be released from the suspense account to participants' accounts under the plan.

At September 30, 2015, the remaining principal balance on the ESOP debt was $332,000 and the number of shares held by the ESOP was 46,287.

Total compensation expense recognized in connection with the ESOP was $103,000 and $93,000 for the years ended September 30, 2015 and 2014, respectively.

The remaining principal balance on the ESOP debt as of September 30, 2015 is payable as follows:

Years Ending September 30,	Amount (In Thousands)
2016	$ 79
2017	82
2018	84
2019	87
	$ 332

Shares held by the ESOP are as follows as of September 30:

	2015	2014
Allocated	15,756	8,124
Unallocated	24,807	32,439
Committed to be released	5,724	5,724
Shares held by ESOP	46,287	46,287

The fair value of unallocated ESOP shares was $455,000 and $500,000 at September 30, 2015 and 2014, respectively.

NOTE 13 - EQUITY INCENTIVE PLAN

Shareholders of Meetinghouse Bancorp, Inc. approved the 2014 Equity Incentive Plan (“Plan”) on February 9, 2014, and the Board of Directors ratified the vote on April 15, 2014. The total number of shares that can be awarded in the Plan is 92,575. Under the Plan, the Company may grant restricted stock awards and options to employees, officers and directors. The number of restricted stock awards that can be granted is 26,450 and the number of options that can be granted is 66,125.

Stock Options

On May 19, 2015, the Board of Directors issued 59,509 options to its officers and directors, all of which remained outstanding at September 30, 2015. There were no options issued during fiscal 2014. Under the 2014 Plan, option grants generally vest over a seven-year period and expire ten years from the date of grant. Compensation cost is based on the grant-date fair value of the award. The fair value of awards that grant the employee the right to purchase the underlying shares once the vesting conditions are met is measured using a Black-Scholes model. The assumptions for the Black-Scholes model used to calculate the fair value of the options granted are as follows:

	September 30, 2015
Volatility	21.57%
Expected life (years)	10
Risk-free interest rate	2.26%
Dividend yield	0.00%

The weighted average grant date fair value of options to purchase one share granted during 2015 was approximately $4.79.

A summary of stock option activity for the fiscal year ended September 30, 2015 is as follows:

	Options Outstanding (shares)		Weighted Average Exercise Price per Share	Weighted Average Remaining Life (years)		Aggregate Intrinsic Value
Outstanding at September 30, 2014	-	$	-		$	-
Granted	59,509		13.55			
Exercised	-		-			
Forfeited	-		-			
Outstanding at September 30, 2015	**59,509**	**$**	**13.55**	**9.67**	**$**	**80,000**
Exercisable at September 30, 2015	-	$	-	-	$	-
Vested or expected to vest at September 30, 2015	-	$	-	-	$	-

The total compensation expense related to options granted for the year ended September 30, 2015 was $15,000, with a related tax benefit of $6,000. As of September 30, 2015, there is $270,000 of unrecognized compensation expense related to options granted which is to be recognized over the remaining vesting period of 6.67 years.

Stock Awards

On May 19, 2015, the Board of Directors granted stock awards in the amount of 7,669 shares to its management and employees. The awards vest over a three-year period. The total compensation expense related to stock awards granted for the years ended September 30, 2015 and 2014 was $93,000 and $13,000, respectively, with related tax benefits of $37,000 and $4,000, respectively. As of September 30, 2015, there is $232,000 of unrecognized compensation expense related to stock awards granted which is to be recognized over the remaining weighted-average vesting period of 2.12 years.

A summary of the stock award activity for the fiscal year ended September 30, 2015 is as follows:

	Awards Outstanding (shares)		Weighted Average Exercise Price per Share	Weighted Average Remaining Life (years)		Aggregate Intrinsic Value
Outstanding at September 30, 2014	18,519	$	12.80	1.89	$	5,000
Granted	7,669		13.55	2.67		
Exercised	-		-			
Forfeited	-		-			
Outstanding at September 30, 2015	**26,188**	**$**	**13.02**	**2.12**	**$**	**49,000**
Exercisable at September 30, 2015	6,173	$	12.80	1.89	$	13,000
Vested or expected to vest at September 30, 2015	6,173	$	12.80	1.89	$	13,000

NOTE 14 - 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 extend credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional 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 commitments to extend credit is represented by the contractual notional amount 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 extend credit are agreements to lend to a customer as long as 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 usually includes income producing commercial properties or residential real estate.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. As of September 30, 2015 and 2014, the maximum potential amount of the Company's obligation was $149,000 for financial and standby letters of credit. The Company's outstanding letters of credit generally have a term of less than one year. If a letter of credit is drawn upon, the Company may seek recourse through the customer's underlying line of credit. If the customer's line of credit is also in default, the Company may take possession of the collateral, if any, securing the line of credit.

Notional amounts of financial instrument liabilities with off-balance sheet credit risk are as follows as of September 30:

	2015	2014
	(In Thousands)	
Commitments to originate loans	$ 7,215	$ 1,114
Unadvanced funds on lines of credit	6,255	5,259
Unadvanced funds on construction loans	715	527
Standby letters of credit	149	149
	$ 14,334	$ 7,049

As of September 30, 2015, commitments to originate loans include $6,027,000 of loans that are committed to be sold in the secondary market. As of September 30, 2014, commitments to originate loans include $829,000 of loans that were also committed to be sold.

There is no material difference between the notional amount and the estimated fair value of the off-balance sheet liabilities.

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Pursuant to the terms of a non-cancellable lease agreement in effect at September 30, 2015 pertaining to a branch facility, future minimum rental payments are as follows for the years ended September 30:

	(In Thousands)
2016	$ 56
2017	57
2018	19
Total	$ 132

Rental expense amounted to $61,000 and $59,000 for the years ended September 30, 2015 and 2014, respectively.

NOTE 16 - FAIR VALUE MEASUREMENTS

ASC 820-10, “Fair Value Measurement - Overall,” 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 and 2014. The Company did not have any significant transfers of assets between levels 1 and 2 of the fair value hierarchy during the years ended September 30, 2015 and 2014.

The Company’s investment in mortgage-backed securities and other 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.

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 Company’s impaired loans are reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using level 2 inputs based upon appraisals of similar properties obtained from a third party. The fair value of impaired loans estimated using level 3 inputs are based on management estimates.

The following summarizes assets measured at fair value on a recurring basis as of September 30:

(In thousands)	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
September 30, 2015:				
Securities available-for-sale:				
U.S. Government and federal agency obligations	$ 3,489	$ -	$ 3,489	$ -
Taxable municipal securities	301	-	301	-
Asset-backed securities	867	-	867	-
Mortgage-backed securities	11,482	-	11,482	-
	$ 16,139	$ -	$ 16,139	$ -
September 30, 2014:				
Securities available-for-sale:				
U.S. Government and federal agency obligations	$ 3,385	$ -	$ 3,385	$ -
Taxable municipal securities	299	-	299	-
Asset-backed securities	916	-	916	-
Mortgage-backed securities	12,038	-	12,038	-
	$ 16,638	$ -	$ 16,638	$ -

The Company may be required, from time to time, to measure certain other assets at fair value on a non-recurring basis in accordance with GAAP. There were no Level 1, Level 2 or Level 3 nonrecurring fair value measurements as of September 30, 2015 and 2014.

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 as of September 30:

	September 30, 2015				
		Fair Value			
	Carrying Amount	Level 1	Level 2 (In Thousands)	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 4,776	$ 4,776	$ -	$ -	$ 4,776
Interest-bearing time deposits in other banks	2,227	-	-	2,231	2,231
Available-for-sale securities	16,139	-	16,139	-	16,139
Federal Home Loan Bank stock	958	958	-	-	958
Loans held-for-sale	5,491	5,559	-	-	5,559
Loans, net	86,561	-	-	87,334	87,334
Accrued interest receivable	318	318	-	-	318
Financial liabilities:					
Deposits	99,589	-	-	99,895	99,895
Federal Home Loan Bank advances	9,380	-	-	9,387	9,387

	September 30, 2014				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
			(In Thousands)		
Financial assets:					
Cash and cash equivalents	$ 5,938	$ 5,938	$ -	$ -	$ 5,938
Interest-bearing time deposits in other banks	1,985	-	-	1,986	1,986
Available-for-sale securities	16,638	-	16,638	-	16,638
Federal Home Loan Bank stock	754	754	-	-	754
Loans held-for-sale	2,727	2,753	-	-	2,753
Loans, net	77,015	-	-	77,749	77,749
Accrued interest receivable	273	273	-	-	273
Financial liabilities:					
Deposits	87,483	-	-	87,769	87,769
Federal Home Loan Bank advances	10,953	-	-	10,933	10,933

The carrying amounts of financial instruments shown in the above tables are included in the consolidated balance sheets as of September 30, 2015 and 2014 under the indicated captions. Accounting policies related to financial instruments are described in Note 2.

NOTE 17 - SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK

Most of the Company's business activity is with customers located within the Commonwealth of Massachusetts. There are no concentrations of credit to borrowers that have similar economic characteristics. The majority of the Company's loan portfolio is comprised of loans collateralized by real estate located in the Commonwealth of Massachusetts.

NOTE 18 - OTHER COMPREHENSIVE 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 income, included in stockholders' equity, are as follows during the years ended September 30:

	2015	2014
	(In Thousands)	
Unrealized gains on securities		
Net change in unrealized holding gain on available-for-sale securities	$ 214	$ 46
Reclassification adjustment for realized (gains) losses in net income		-
	214	46
Income tax expense	(82)	(17)
Other comprehensive income, net of tax	$ 132	$ 29

At September 30, 2015 and 2014, the components of accumulated other comprehensive income, included in stockholders' equity, are as follows:

	2015	2014
	(In Thousands)	
Net unrealized gain on securities available-for-sale, net of tax	$ 199	$ 67
Total accumulated other comprehensive income	$ 199	$ 67

NOTE 19 - REGULATORY CAPITAL

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 ("CET1") 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%. CET1 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 CET1 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 10.0% (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 CET1 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 our 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 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%.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and CET1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of September 30, 2015 and 2014, that the Bank meets all capital adequacy requirements to which it is subject.

As of September 30, 2015, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier 1 risk-based, CET1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts and ratios are also presented in the table:

(Dollars in thousands)	Actual		Minimum For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2015						
Common Equity Tier 1 Capital (to Risk Weighted Assets)	$ 9,151	13.4 %	$ 3,078	4.5 %	$ 4,446	6.5 %
Total Capital (to Risk Weighted Assets)	9,723	14.2	5,472	8.0	6,840	10.0
Tier 1 Capital (to Risk Weighted Assets)	9,151	13.4	4,104	6.0	5,472	8.0
Tier 1 Capital (to Average Assets)	9,151	7.8	4,707	4.0	5,883	5.0
As of September 30, 2014						
Total Capital (to Risk Weighted Assets)	$ 8,172	13.3 %	$ 4,901	8.0 %	$ 6,126	10.0 %
Tier 1 Capital (to Risk Weighted Assets)	7,667	12.5	2,451	4.0	3,676	6.0
Tier 1 Capital (to Average Assets)	7,667	8.1	3,787	4.0	4,733	5.0

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2016, which is the date the consolidated financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the consolidated financial statements.

NOTE 21 - RECLASSIFICATION

Certain amounts in the prior year have been reclassified to be consistent with the current year's statement presentation.