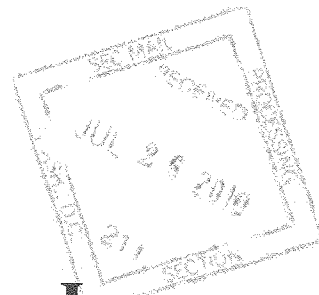
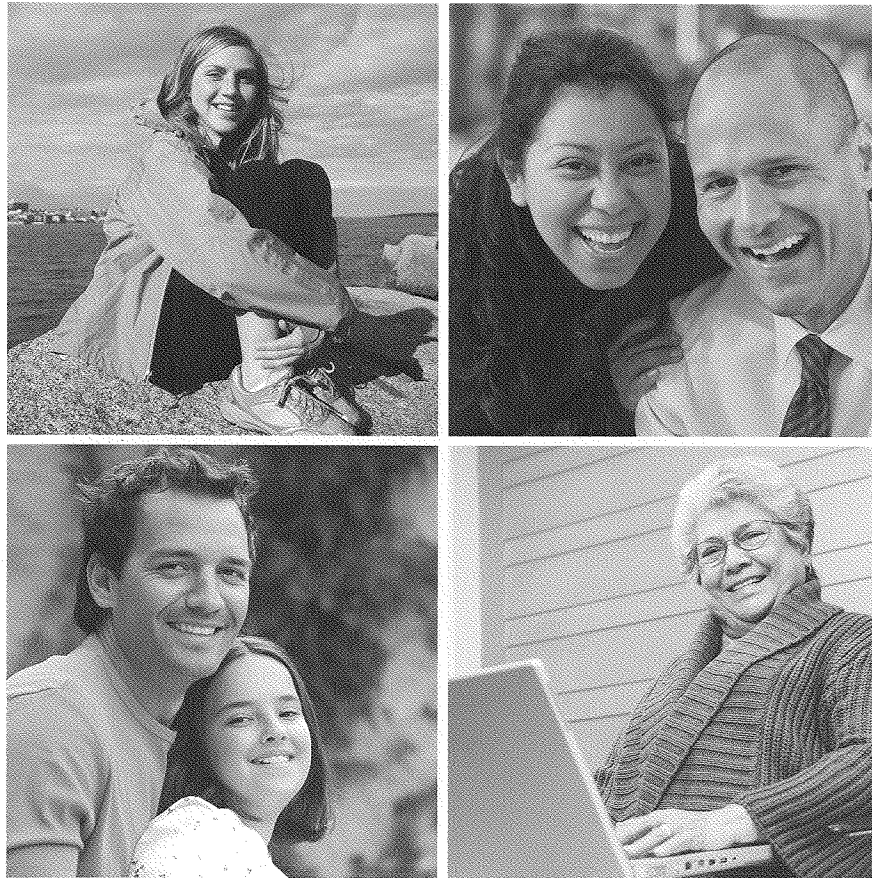




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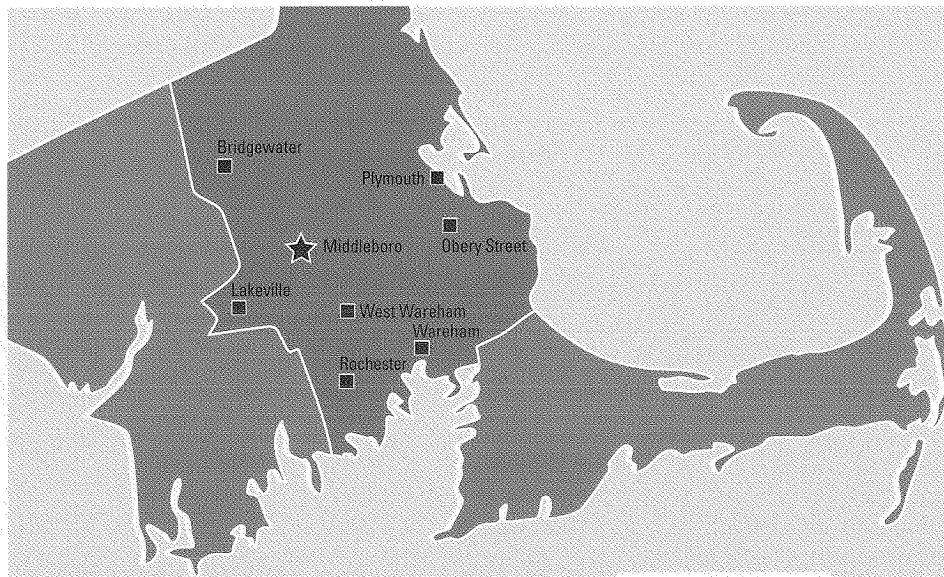


# Mayflower Bancorp, Inc.



Small Bank. *Big Difference.*

2010 ANNUAL REPORT



## 7 Branches

*In addition to our Main Office in Middleboro, Mayflower now operates 7 full-service branches conveniently located throughout Plymouth County*



## Mayflower Bancorp, Inc.

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### COMPANY PROFILE

#### *Mayflower Bancorp, Inc. and Subsidiary*

Mayflower Bancorp, Inc. is a Massachusetts chartered holding company whose principal subsidiary is Mayflower Co-operative Bank.

Founded in 1889 as Mayflower Co-operative Bank to foster the goal of affordable home ownership, the Company today is a stock-owned institution with assets in excess of \$255 million. As a State chartered entity serving Southeastern Massachusetts from its main office in Middleboro and seven full service branch offices in Plymouth, Rochester, Wareham, Bridgewater and Lakeville, Massachusetts, its deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits, with excess amounts insured by the Share Insurance Fund (SIF) of The Co-operative Central Bank of Massachusetts.

Today, Mayflower provides a full range of banking services to individuals, families and small businesses alike, while retaining the business of mortgage financing as the cornerstone of its activity as a community bank.

Mayflower Bancorp's continued commitment to unparalleled service, accessibility and responsiveness to its customers and their requirements distinguishes it in the banking industry today. This tradition of service and focus on relationship banking continues to serve as the Company's foundation, and defines both its past and its future as well.

April 30

(Dollars in Thousands, Except Per Share Data)

**BALANCE SHEET**

	2010	2009	2008
Total assets	\$255,530	\$249,545	\$243,751
Loans, net	120,545	131,111	125,336
Investment securities	94,369	90,261	94,843
Deposits	225,317	213,957	204,176
Advances and borrowings	7,500	13,888	18,659
Stockholders' equity	20,480	19,338	19,889

**OPERATIONS**

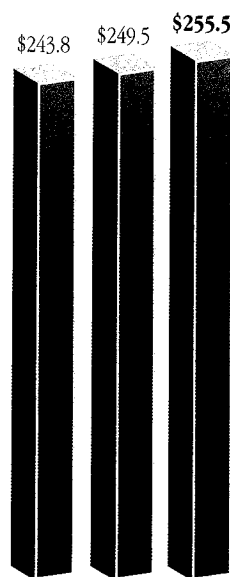
Net interest income	7,940	7,338	6,788
Provision for loan losses	215	—	—
Net income	1,163	35	1,056
Basic earnings per share	\$ 0.56	\$ 0.02	\$ 0.50
Diluted earnings per share	\$ 0.56	\$ 0.02	\$ 0.49

**OTHER DATA**

Return on average stockholders' equity	5.83%	0.19%	5.39%
Return on average assets	0.47%	0.02%	0.44%
Dividend payout ratio	50.21%	2385.71%	79.36%
Non-performing assets as a percentage of total assets	0.91%	0.37%	0.50%

**Total Assets**

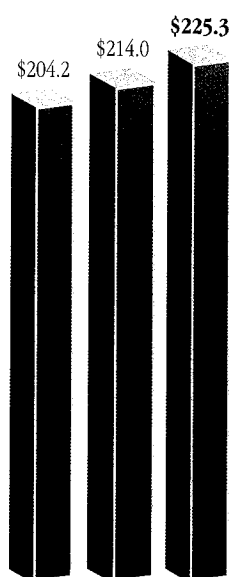
(In Millions of Dollars)



2008 2009 2010

**Deposits**

(In Millions of Dollars)



2008 2009 2010

**Net Interest Income**

(In Millions of Dollars)



2008 2009 2010



*"Of significance, we note that we never stopped lending, never ceased our efforts to identify and attract new customers to our institution, never sacrificed long-term results for the benefit of short-term expediency, and were never in the position of choosing, or being forced to choose, to compromise sound banking principles."*

On behalf of the Officers and Directors of Mayflower Bancorp, Inc. and all of those affiliated with its subsidiary, Mayflower Bank, it is again my privilege to present to you our Annual Report for Fiscal Year 2010. As before, the presentations and discussions included in it document our performance for that period and should prompt your inquiry in regard to what we do and the manner in which we do it. As always, we welcome your comments, questions, and insights toward that end.

The challenges confronting "banks" in general and Mayflower specifically during the period covered by this report continued to be daunting. Even in our market, considered to be good by comparison to almost any in the nation, the drag on the local economy as a function of high unemployment, record levels of foreclosures, eroding property values and an extreme lack of consumer confidence served to reduce opportunities of all descriptions. Many struggled to just hang on. Many others deemed it appropriate to remain on the sidelines, happy to wait for things to improve.

Mayflower's performance was not immune to these pressures. Our level of non-performing assets remained higher than we prefer. We incurred loan losses and the need to augment our reserves for them. We had customers who struggled and we struggled with them, particularly in those instances when we were compelled to explain to them that their homes were no longer worth what they had paid for them.

Still, our performance bounced back from previous levels, and when compared to many, if not most of our peers, our problems paled in comparison. Many friends in the industry, with but a slight smile, offered to trade problems with us, even up.

Fueled by an improving interest rate spread, strong liquidity, a solid customer base, and the efficacy of decisions made and policies implemented in prior periods, we recorded improvements in results which serve as material encouragement as to our prospects for future periods. Of

significance, we note that we never stopped lending, never ceased our efforts to identify and attract new customers to our institution, never sacrificed long-term results for the benefit of short-term expediency, and were never in the position of choosing, or being forced to choose, to compromise sound banking principles.

Indeed, the year just completed was not without significant opportunity. As a function of the ruined reputations, staggering losses and panicked focus of besieged national competitors and other crippled institutions in and around our market, our efforts to rebalance our deposit portfolio, reduce our wholesale leverage, attract new customers, and capitalize on opportunities available met with tremendous success. That success is documented in this report and will be evident upon your review of it.

Our upcoming shareholders meeting will provide ample opportunity to discuss all of these matters, and facilitate a consideration of our current circumstance and future prospects. At the same time, that meeting will present a watershed moment for the Company as long-time Director, former Bank President, and continuing friend, William C. MacLeod, will step down from our Board after almost 50 years of varied and honorable service to the Bank.

Those of us who worked and served with Mr. MacLeod during that period benefited in myriad ways from our association with him, not least in learning and understanding that when it comes to Mayflower, "good enough" is never good enough. We thank him and wish him well.

Toward that end, know as before that we look forward to and anticipate further improvements in our performance and circumstance, that we all remain committed to the crusade that is community banking today, and continue to believe that Mayflower's best days remain before it.

Toward those ends, we are, as always, abidingly appreciative of your confidence and support and will continue to strive, every day, to be worthy of it.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'E. Pratt', with a long horizontal flourish extending to the left.

Edward M. Pratt

*President and Chief Executive Officer*



**SELECTED FINANCIAL DATA**
*Mayflower Bancorp, Inc. and Subsidiary*

	At April 30				
<i>(Dollars in Thousands, Except Per Share Data)</i>	2010	2009	2008	2007	2006
<b>BALANCE SHEET AND OTHER DATA:</b>					
Total assets . . . . .	\$255,530	\$249,545	\$243,751	\$242,307	\$245,603
Federal funds sold and interest-bearing deposits in banks . . . . .	15,914	6,184	2,975	3,919	453
Investment securities, including mortgage- backed securities . . . . .	94,369	90,261	94,843	80,887	88,331
Loans, net . . . . .	120,545	131,111	125,336	137,003	139,230
Stock in the FHLB of Boston . . . . .	1,650	1,650	1,650	1,650	1,647
Deposits . . . . .	225,317	213,957	204,176	200,859	200,534
Advances and borrowings . . . . .	7,500	13,888	18,659	20,558	25,197
Stockholders' equity . . . . .	20,480	19,338	19,889	19,617	18,592
Book value per share . . . . .	9.85	9.27	9.51	9.36	8.96
	Years Ended April 30				
<i>(Dollars in Thousands, Except Per Share Data)</i>	2010	2009	2008	2007	2006
<b>OPERATING DATA:</b>					
Interest income . . . . .	\$ 11,279	\$ 12,406	\$ 13,459	\$ 13,439	\$ 12,461
Interest expense . . . . .	3,339	5,068	6,671	6,326	4,641
Net interest income . . . . .	7,940	7,338	6,788	7,113	7,820
Provision for loan losses . . . . .	215	—	—	120	90
Net interest income after provision for loan losses . . . . .	7,725	7,338	6,788	6,993	7,730
Noninterest income:					
Loan origination and other loan fees . . . . .	123	136	113	174	137
Customer service fees . . . . .	719	695	710	700	643
Gain (loss) on sales and writedowns of investment securities and loans, net . . . . .	691	(1,399)	359	196	(82)
Other . . . . .	264	245	249	191	149
Total noninterest income . . . . .	1,797	(323)	1,431	1,261	847
Noninterest expense . . . . .	7,802	7,185	6,742	6,675	6,276
Income (loss) before income taxes . . . . .	1,720	(170)	1,477	1,579	2,301
Provision (benefit) for income taxes . . . . .	557	(205)	421	532	862
Net income . . . . .	\$ 1,163	\$ 35	\$ 1,056	\$ 1,047	\$ 1,439
<b>PER SHARE DATA:</b>					
Basic earnings per share . . . . .	\$ 0.56	\$ 0.02	\$ 0.50	\$ 0.50	\$ 0.70
Diluted earnings per share . . . . .	\$ 0.56	\$ 0.02	\$ 0.49	\$ 0.49	\$ 0.68
Weighted average basic shares outstanding . . . . .	2,083	2,090	2,096	2,090	2,072
Weighted average diluted shares outstanding . . . . .	2,088	2,176	2,139	2,135	2,121
Dividends paid per share . . . . .	\$ 0.28	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
<b>SELECTED RATIOS:</b>					
Return on average assets . . . . .	0.47%	0.02%	0.44%	0.43%	0.60%
Return on average stockholders' equity . . . . .	5.83%	0.19%	5.39%	5.50%	7.75%
Stockholders' equity to assets <sup>(1)</sup> . . . . .	8.01%	7.75%	8.16%	8.10%	7.57%
Interest rate spread . . . . .	3.53%	3.22%	2.91%	2.99%	3.34%
Dividend payout ratio . . . . .	50.21%	2385.71%	79.36%	79.96%	57.61%

*(1) This ratio is based on year-end balances.*

**GENERAL:**

Mayflower Bancorp, Inc. (the "Company") is a Massachusetts chartered holding company whose principal subsidiary is Mayflower Co-operative Bank (the "Bank").

The primary business of the Bank is to acquire funds in the form of deposits from the general public and to make loans for the construction, purchase and refinancing of residential and commercial real estate and, to a lesser extent, to make commercial business and consumer loans in its primary market area. The Bank considers its primary market area to be Southeastern Massachusetts, to include a primary focus on Plymouth County. The Bank's operations are conducted through eight full service offices in Middleboro, Plymouth, Wareham, Rochester, Bridgewater, and Lakeville, Massachusetts.

The Bank offers a variety of deposit accounts to both individuals and commercial customers. Deposits are insured in full through the combination of the Federal Deposit Insurance Corporation (FDIC) and the Share Insurance Fund (SIF) of The Co-operative Central Bank. Generally, through December 31, 2013, separately insured deposit accounts are insured up to \$250,000 by the FDIC, and deposit balances in excess of this amount are insured by the SIF. SIF insurance provides an advantage for the Company as some competitors cannot offer this coverage. Additionally, Mayflower Bank has elected to participate in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2010, all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. The Bank also offers its retail banking customers numerous additional banking advantages with various products and services such as on-line banking, debit cards, checking account overdraft protection, telephone banking and home equity loans.

The Bank's primary sources of liquidity are deposits, loan payments and payoffs, investment income, maturities and principal repayments of investments, and advances from the Federal Home Loan Bank of Boston. The Bank has also established a line of credit with The Federal Reserve Bank, collateralized by certain investments in Government Sponsored Entities. Additionally, as a member of The Co-operative Central Bank's Reserve Fund, the Bank has the right to borrow from that fund for short-term cash needs. The Bank's liquidity management program is designed to insure that sufficient funds are available to meet its daily cash requirements.

The Bank believes its capital resources, including deposits, scheduled loan repayments, revenue generated from the sales of loans and investment securities, unused borrowing capacity at the Federal Home Loan Bank of Boston, the Federal Reserve Bank and The Co-operative Central Bank as well as revenue from other sources are adequate to meet its funding commitments. At April 30, 2010 and 2009, the Bank's capital ratios exceeded the regulatory levels required to be considered well-capitalized.

**LENDING ACTIVITIES:**

Net of its reserve for loan loss, the Bank's loan portfolio totaled \$120.5 million as of April 30, 2010, which represented 47.2% of total assets. The Bank offers conventional mortgage loans, construction loans, home equity loans and lines of credit secured by residential properties, as well as commercial real estate mortgages and commercial business loans. The Bank also makes consumer loans on a secured and unsecured basis.

Under the Community Reinvestment Act, as implemented by FDIC regulations, a state non-member bank, like Mayflower Bank, has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate-income neighborhoods. The Community Reinvestment Act neither establishes specific lending requirements or programs for financial institutions nor limits an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. The Community Reinvestment Act requires the FDIC, in connection with its examination of an institution, to assess the institution's record of meeting the credit needs of its community and to consider such record when it evaluates applications made by such institution. The Community Reinvestment Act requires public disclosure of an institution's Community Reinvestment Act rating. The Bank's latest Community Reinvestment Act rating received from the FDIC was "Outstanding."

The Bank is also subject to similar obligations under Massachusetts Law, which has an additional CRA rating category. The Massachusetts Community Reinvestment Act requires the Massachusetts Banking Commissioner to consider a bank's Massachusetts Community Reinvestment Act rating when reviewing a bank's application to engage in certain transactions, including mergers, asset purchases and the establishment of branch offices or automated teller machines, and provides that such assessment may serve as a basis for the denial of such application. The Bank's latest Massachusetts Community Reinvestment Act rating received from the Massachusetts Division of Banks was "Outstanding."

**INVESTMENT ACTIVITIES:**

The Bank believes it is proper to maintain an investment portfolio that provides a source of income as well as a source of liquidity to meet loan demand and to fund fluctuations in its deposit base. The relative mix of investment securities and loans in the Bank's portfolio is dependent upon loan demand as well as the relative attractiveness of yields available on loans as compared to yields on short-term investment securities. At April 30, 2010, the Bank's portfolio of short-term investments and investment securities totaled \$110.3 million which represented 43.2% of total assets. This portfolio included U.S. Government obligations, mortgage-backed and related securities, corporate notes, municipal obligations, federal funds sold and interest-bearing deposits in banks, and other types of marketable equity securities.

**SAVINGS ACTIVITIES AND OTHER SOURCES OF FUNDS:**

Savings accounts and other types of deposits have traditionally been an important source of funds for use in lending and for other general business purposes. The Bank also derives funding from loan amortization and repayments, sales of securities, loan sales, and from other operations. The availability of funds is influenced by general interest rates and other market conditions. Scheduled loan repayments provide a relatively stable source of funds, while deposit inflows and outflows may vary widely and are influenced by prevailing interest rates and money market conditions. Borrowings have been used on a short-term basis for liquidity purposes and have also been used to fund lending and investment activities.

Substantially all of the Bank's deposit accounts are derived from customers who reside or work in the Bank's market area and from businesses located in that area. The Bank encourages, and in some cases requires, its borrowers to maintain deposit accounts at the Bank.

The Bank has further enhanced its delivery systems by offering on-line banking, telephone banking, and by providing automated teller machines ("ATM") and debit cards that can be used at any CIRRUS or NYCE ATM location nationwide. The Bank has no brokered accounts and does not currently intend to solicit or to accept such deposits. The Bank does not actively solicit certificate of deposit accounts over \$100,000 but does accept them from in-market customers.



The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States of America.


All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of April 30, 2010, using the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on our assessment, we believe that, as of April 30, 2010, the Company's internal control over financial reporting is effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.



EDWARD M. PRATT  
*President and Chief Executive Officer*



MARIA VAFIADES  
*Vice President and Chief Financial Officer*

***To the Stockholders and Board of Directors***  
**MAYFLOWER BANCORP, INC. AND SUBSIDIARY**  
*Middleboro, Massachusetts*

We have audited the accompanying consolidated statements of financial condition of Mayflower Bancorp, Inc. (the Company) and Subsidiary as of April 30, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mayflower Bancorp, Inc. and Subsidiary at April 30, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



PARENT, McLAUGHLIN & NANGLE  
Certified Public Accountants, Inc.

Boston, Massachusetts  
July 6, 2010

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Mayflower Bancorp, Inc. and Subsidiary

<i>(In Thousands)</i>	April 30	
	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash and due from banks . . . . .	\$ 4,559	\$ 4,192
Federal funds sold and interest-bearing deposits in banks . . . . .	15,914	6,184
Total cash and cash equivalents . . . . .	<b>20,473</b>	10,376
Investment securities (Note B):		
Securities available-for-sale . . . . .	49,576	45,022
Securities held-to-maturity . . . . .	44,793	45,239
Total investment securities . . . . .	<b>94,369</b>	90,261
Loans receivable, net (Note C) . . . . .	120,545	131,111
Accrued interest receivable (Note E) . . . . .	926	1,022
Real estate held for investment . . . . .	1,020	303
Real estate acquired by foreclosure . . . . .	1,815	590
Premises and equipment, net (Note F) . . . . .	11,147	11,991
Deposits with The Co-operative Central Bank . . . . .	449	449
Stock in Federal Home Loan Bank of Boston, at cost . . . . .	1,650	1,650
Refundable income taxes (Note I) . . . . .	25	48
Deferred income taxes (Note I) . . . . .	797	1,017
Other assets . . . . .	2,314	727
Total Assets . . . . .	<b>\$255,530</b>	\$249,545
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits (Note G) . . . . .	\$225,317	\$213,957
Advances and borrowings (Note H) . . . . .	7,500	13,888
Advances from borrowers for taxes and insurance . . . . .	213	214
Allowance for loan losses on off-balance sheet credit exposures . . . . .	110	110
Accrued expenses and other liabilities . . . . .	1,910	2,038
Total Liabilities . . . . .	<b>235,050</b>	230,207
Commitments and contingencies (Notes K and M)		
<b>STOCKHOLDERS' EQUITY (Note M)</b>		
Preferred stock \$1.00 par value; authorized 5,000,000 shares; issued—none . . . . .	—	—
Common stock \$1.00 par value; authorized 15,000,000 shares; issued 2,078,985 shares in 2010 and 2,085,886 shares in 2009 . . . . .	2,079	2,086
Additional paid-in capital . . . . .	4,300	4,311
Retained earnings . . . . .	13,293	12,747
Accumulated other comprehensive income . . . . .	808	194
Total Stockholders' Equity . . . . .	<b>20,480</b>	19,338
Total Liabilities and Stockholders' Equity . . . . .	<b>\$255,530</b>	\$249,545

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Mayflower Bancorp, Inc. and Subsidiary

	Year Ended	
	April 30	
	2010	2009
<i>(In Thousands, Except Per Share Data)</i>		
INTEREST INCOME:		
Loans receivable . . . . .	\$ 7,404	\$ 8,112
Securities held-to-maturity . . . . .	1,794	1,870
Securities available-for-sale . . . . .	2,064	2,384
Federal funds sold and interest-bearing deposits in banks . . . . .	17	40
Total interest income . . . . .	11,279	12,406
INTEREST EXPENSE:		
Deposits . . . . .	2,905	4,388
Borrowed funds . . . . .	434	680
Total interest expense . . . . .	3,339	5,068
NET INTEREST INCOME . . . . .	7,940	7,338
PROVISION FOR LOAN LOSSES . . . . .	215	—
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES . . . . .	7,725	7,338
NONINTEREST INCOME:		
Loan origination and other loan fees . . . . .	123	136
Customer service fees . . . . .	719	695
Interchange income . . . . .	173	156
Gain (loss) on sales and writedowns of investment securities, net . . . . .	268	(1,943)
Gain on sales of mortgage loans . . . . .	423	544
Other . . . . .	91	89
Total noninterest income . . . . .	1,797	(323)
NONINTEREST EXPENSE:		
Compensation and fringe benefits . . . . .	4,007	3,647
Occupancy and equipment . . . . .	1,123	1,099
FDIC assessment . . . . .	386	258
Losses and expenses of foreclosed real estate . . . . .	128	151
Other (Note J) . . . . .	2,158	2,030
Total noninterest expense . . . . .	7,802	7,185
INCOME (LOSS) BEFORE INCOME TAXES . . . . .	1,720	(170)
PROVISION (BENEFIT) FOR INCOME TAXES (Note I) . . . . .	557	(205)
NET INCOME . . . . .	\$ 1,163	\$ 35
Basic earnings per share . . . . .	\$ 0.56	\$ 0.02
Diluted earnings per share . . . . .	\$ 0.56	\$ 0.02
Weighted average basic shares outstanding . . . . .	2,083	2,090
Dilutive effect of outstanding stock options . . . . .	5	86
Weighted average diluted shares outstanding . . . . .	2,088	2,176

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Mayflower Bancorp, Inc. and Subsidiary

<i>(In Thousands, Except Share Amounts)</i>	Common Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, April 30, 2008 . . . . .	2,092,028	\$ 2,092	\$ 4,312	\$ 13,589	\$ (104)	\$19,889
COMPREHENSIVE INCOME:						
Net income . . . . .	—	—	—	35	—	35
Other comprehensive income, net of tax:						
Change in unrealized gain/loss on securities available-for-sale, net of deferred income taxes of \$503,000 . . . . .	—	—	—	—	(990)	(990)
Reclassification adjustment for losses included in net income, net of deferred income taxes of \$655,000 . . . . .	—	—	—	—	1,288	1,288
						298
Total comprehensive income . . . . .						333
Issuance of shares of \$1 par value common stock	1,500	1	12	—	—	13
Purchase of Company stock . . . . .	(7,642)	(7)	(13)	(42)	—	(62)
Cash dividends paid (\$.40 per share) . . . . .	—	—	—	(835)	—	(835)
BALANCE, April 30, 2009 . . . . .	2,085,886	2,086	4,311	12,747	194	19,338
COMPREHENSIVE INCOME:						
Net income . . . . .	—	—	—	1,163	—	1,163
Other comprehensive income, net of tax:						
Change in unrealized gain on securities available-for-sale, net of deferred income taxes of \$541,000 . . . . .	—	—	—	—	784	784
Reclassification adjustment for gains included in net income, net of deferred income taxes of \$98,000 . . . . .	—	—	—	—	(170)	(170)
						614
Total comprehensive income . . . . .						1,777
Purchase of Company stock . . . . .	(6,901)	(7)	(11)	(33)	—	(51)
Cash dividends paid (\$.28 per share) . . . . .	—	—	—	(584)	—	(584)
<b>BALANCE, April 30, 2010 . . . . .</b>	<b>2,078,985</b>	<b>\$2,079</b>	<b>\$4,300</b>	<b>\$13,293</b>	<b>\$ 808</b>	<b>\$20,480</b>

See accompanying notes to consolidated financial statements.

<i>(In Thousands)</i>	Year Ended April 30	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest and dividends received . . . . .	\$ 11,508	\$ 12,560
Fees and other income received . . . . .	1,513	1,600
Interest paid . . . . .	(3,357)	(5,083)
Cash paid to suppliers and employees . . . . .	(8,308)	(5,436)
Income taxes paid . . . . .	(756)	(620)
Net cash provided by operating activities . . . . .	<u>600</u>	<u>3,021</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net decrease (increase) in loans . . . . .	9,710	(5,530)
Purchases of available-for-sale securities . . . . .	(32,224)	(12,316)
Proceeds from sales, calls, and maturities of available-for-sale securities . . . . .	28,339	17,273
Purchases of held-to-maturity securities . . . . .	(26,904)	(19,160)
Proceeds from maturities and calls of held-to-maturity securities . . . . .	27,272	17,244
Proceeds from sale of other real estate owned . . . . .	40	—
Proceeds from sales of real estate acquired by foreclosure . . . . .	172	4
Capital additions to real estate acquired by foreclosure . . . . .	(444)	(314)
Purchases of premises and equipment . . . . .	(766)	(2,000)
Other—net . . . . .	(34)	61
Net cash provided by (used in) investing activities . . . . .	<u>5,161</u>	<u>(4,738)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in deposits . . . . .	11,360	9,781
Proceeds from advances and borrowings . . . . .	—	3,000
Payments on advances and borrowings . . . . .	(6,388)	(7,771)
Net (decrease) increase in advances from borrowers for taxes and insurance . . . . .	(1)	52
Proceeds from issuance of common stock . . . . .	—	13
Repurchase of Company stock . . . . .	(51)	(62)
Dividends paid . . . . .	(584)	(835)
Net cash provided by financing activities . . . . .	<u>4,336</u>	<u>4,178</u>
Net increase in cash and cash equivalents . . . . .	10,097	2,461
Cash and cash equivalents, beginning of year . . . . .	10,376	7,915
Cash and cash equivalents, end of year . . . . .	<u>\$ 20,473</u>	<u>\$ 10,376</u>
Reconciliations of net income to net cash provided by operating activities:		
Net income . . . . .	\$ 1,163	\$ 35
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation . . . . .	528	490
Provision for loan losses . . . . .	215	—
Loss on other real estate owned . . . . .	29	—
Writedown of real estate acquired by foreclosure . . . . .	—	100
Premium amortization . . . . .	134	47
Intangible amortization . . . . .	14	14
Deferred income taxes . . . . .	(223)	(985)
(Gain) loss on sales and writedowns of investment securities, net . . . . .	(268)	1,943
Decrease (increase) in refundable income taxes . . . . .	23	161
Decrease (increase) in accrued interest receivable . . . . .	96	107
Decrease (increase) in prepaid expenses . . . . .	(950)	(10)
Decrease (increase) in mortgage servicing rights . . . . .	(41)	(82)
Increase (decrease) in deferred loan origination (fees) costs . . . . .	(16)	(20)
Increase (decrease) in accrued interest payable . . . . .	(18)	(15)
Increase (decrease) in accrued expenses . . . . .	(86)	1,236
Total adjustments . . . . .	<u>(563)</u>	<u>2,986</u>
Net cash provided by operating activities . . . . .	<u>\$ 600</u>	<u>\$ 3,021</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Total increase in unrealized gain on securities available-for-sale . . . . .	\$ 1,057	\$ 450
Loans transferred to foreclosed real estate . . . . .	\$ 1,200	\$ —
Proceeds from sales of other real estate financed through loans . . . . .	\$ 314	\$ —
Proceeds from sales of foreclosed real estate financed through loans . . . . .	\$ 255	\$ 225
Transfer of premises and equipment to real estate held for investment . . . . .	\$ 1,094	\$ —



**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:*****Nature of operations:***

Mayflower Bancorp, Inc. (the "Company") is a Massachusetts chartered holding company whose principal subsidiary is Mayflower Bank (the "Bank"). The Bank operates eight full service banking offices in Middleboro, Plymouth, Wareham, Rochester, Bridgewater, and Lakeville, Massachusetts providing a variety of deposit and lending services. As a Massachusetts chartered co-operative bank whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") and the Share Insurance Fund ("SIF"), the activities of the Bank are subject to regulation, supervision and examination by federal and state regulatory authorities, including, but not limited to the FDIC, the Massachusetts Commissioner of Banks and the SIF. In addition, as a bank holding company, the Company is subject to supervision, examination and regulation by the Board of Governors of the Federal Reserve System.

The Company provides a variety of financial services to individuals and small businesses through its eight offices in Southeastern Massachusetts. Its primary deposit products are savings, checking, and term certificate accounts, and its primary lending products are residential and commercial mortgage loans.

Management evaluates the Company's performance and allocates resources based on a single segment concept. Accordingly, there are no separately identified operating segments for which discrete financial information is available. The Company does not derive revenues from, or have assets located in foreign countries, nor does it derive revenues from any single customer that represents 10% or more of the Company's total revenues.

***Basis of presentation:***

The accounting and reporting policies of the Company conform to U.S. generally accepted accounting principles and to general practices within the Banking industry. The consolidated financial statements include the accounts of Mayflower Bancorp, Inc. and its wholly-owned subsidiary, Mayflower Co-operative Bank and its subsidiaries, MFLR Securities Corporation and Mayflower Plaza, LLC., which engages in the ownership of real estate. All significant intercompany balances and transactions have been eliminated in consolidation.

***Use of estimates:***

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and income and expenses for the period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to change in the near term relate to the determination of the allowance for loan losses, the allowance for loan losses on off-balance sheet credit exposures and other-than-temporary declines in the value of investment securities requiring impairment writedowns due to general market conditions or other factors.

***Reclassification:***

Certain amounts in the prior year's consolidated financial statements were reclassified to facilitate comparison with the current fiscal year.

***Cash and cash equivalents:***

For purposes of the statements of cash flows, the Company considers cash and cash equivalents to include cash on hand, amounts due from banks, federal funds sold and interest bearing deposits in banks. Generally, federal funds are sold for one-day periods.

***Investment securities:*****Trading securities:**

Securities that are held for short-term resale are classified as trading account securities and recorded at their fair values. Realized and unrealized gains and losses on trading account securities are included in other income.

**Securities held-to-maturity:**

Government, federal agency, corporate debt securities, and municipal obligations that management has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using methods approximating the interest method over the period to maturity. Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by issuers of the securities. Premiums and discounts are amortized using methods approximating the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments.

**Securities available-for-sale:**

Available-for-sale securities consist of investment securities not classified as trading securities or as held-to-maturity securities. Unrealized holding gains and losses, net of tax, on available-for-sale securities are excluded from earnings and are included in other comprehensive income (loss). Realized gains (losses) on available-for-sale securities are included in other income (expense) and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income (loss). Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. The amortization of premiums and the accretion of discounts are recognized in interest income using methods approximating the interest method over the remaining period to contractual maturity.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other-than-temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

**Loans receivable:**

Lending activities are conducted principally in the Southeastern Massachusetts area. The Company grants single-family and multi-family residential mortgages, commercial real estate mortgages, commercial loans and a variety of consumer loans. In addition, the Company grants loans for the construction of residential homes, multi-family properties, commercial real estate properties and for land development. Most loans granted by the Company are collateralized by real estate.

The ability and willingness of borrowers to honor their repayment commitments is generally dependent on the health of the real estate economic sector in the borrower's geographic areas and the general economy. Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge-offs or specific valuation accounts and net of unearned discount, deferred loan fees and the allowance for loan losses. Loan origination and commitment fees and certain direct loan origination costs are capitalized and the net amount is amortized as an adjustment of the loan yield over the contractual life of the related loans.

**Loan income:**

Interest on loans is credited to income by applying the interest rate to the principal amount outstanding. Loans on which accrual of interest has been discontinued are designated as non-accrual loans. Accrual of interest on loans and amortization of net deferred loan fees or costs are discontinued either when a loan is specifically determined to be impaired, or when a loan becomes contractually past due 90 days with respect to interest or principal. The accrual of interest on some loans, however, may continue even though they are more than 90 days past due if management deems it appropriate, provided that the loans are well secured and in the process of collection. When a loan is placed on non-accrual status, all interest previously accrued but not collected is reversed against current period interest income. Interest accruals are resumed on such specific impaired loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

**Allowance for loan losses and allowance for loan losses on off-balance sheet credit exposures:**

The adequacy of the allowance for loan losses is evaluated on a regular basis by management and the Company's Board of Directors. Factors considered in evaluating the adequacy of the allowance include previous loss experience, current economic conditions and their effect on borrowers, the estimated value of any underlying collateral and the performance of individual loans in relation to contract terms. The provision for loan losses charged to operations is based upon management's judgment of the amount necessary to maintain the allowance at a level adequate to absorb possible losses. Loans are charged off when management believes the collectability of the principal is unlikely.

Management believes that the Company's current allowance for loan losses is adequate. While the allowance for loan losses is evaluated by management based upon available information, future additions to the allowance may be necessary based on changes in local economic conditions. Additionally, regulatory agencies review the Company's allowance for loan losses as part of their examination process. Such agencies may require the Company to recognize additions to the allowance based on judgments which may be different from those of management.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as doubtful, substandard, or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. 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 specific and general losses in the portfolio.

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. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer loans for impairment disclosures, unless such loans are the subject of a restructuring agreement.

The Company also maintains an allowance for possible losses on its outstanding loan commitments. The allowance for loan losses on off-balance sheet credit exposures (shown separately on the balance sheet) is maintained based on expected drawdowns of committed loans and their loss experience factors and management's assessment of various other factors including current and anticipated economic conditions that may affect the borrowers' ability to pay, and trends in loan delinquencies and charge-offs.

***Impaired loans:***

The Company measures certain impaired loans based on the present value of expected future cash flows discounted at the loan's original effective interest rate or the collateral value. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through a valuation allowance.

***Impairment of long-lived assets:***

The Company reviews its long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

All long-lived assets and certain identifiable intangibles to be disposed of are to be reported at the lower of the carrying amount or fair value, less costs to sell.

***Foreclosed real estate:***

Real estate properties acquired through, or in lieu of loan foreclosure, are to be sold, and are recorded at the time of foreclosure at the lower of the carrying amount of the loan or at the fair value, less costs to sell, of the related collateral, which becomes the new basis. The excess of the balance of the loan over the estimated fair value, if any, is charged to the allowance for loan losses. After foreclosure, these assets are carried at the lower of their new cost basis or fair value less costs to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value. Costs incurred in maintaining foreclosed real estate and subsequent adjustments to the carrying amount of the property are included in losses and expenses of foreclosed real estate.

**Premises and equipment:**

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the respective assets as follows:

Office buildings and improvements .....	20 to 50 years
Furniture, fixtures and equipment .....	3 to 20 years

**Mortgage servicing rights:**

The Company recognizes the rights to service mortgage loans for others as separate assets, regardless of the manner in which the servicing rights are acquired. In addition, capitalized mortgage servicing rights are assessed for impairment based on the fair value of those rights. Fair values are estimated using discounted cash flows based on a current market interest rate. The amount of impairment recognized is the amount by which the capitalized mortgage servicing rights for a stratum exceed their fair value.

**Intangible assets:**

In connection with the acquisition (accounted for as a purchase) of the deposits of the Company's Rochester branch, costs allocated to this purchase, including the deposit acquisition premium, have been capitalized. Amortization of these intangible assets is on a straight-line method over a 15-year period.

**Federal Home Loan Bank Stock:**

The Company, as a member of the Federal Home Loan Bank of Boston ("FHLB"), is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost.

**Income taxes:**

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in related deferred tax assets and liabilities.

The Company classifies interest resulting from underpayment of income taxes as income tax expense in the first period the interest would begin accruing according to the provisions of the relevant tax law. The Company classifies penalties resulting from underpayment of income taxes as income tax expense in the period for which the Company claims or expects to claim an uncertain tax position or in the period in which the Company's judgment changes regarding an uncertain tax position.

**Pension plan:**

The Company provides pension benefits for its employees through participation in the Massachusetts Co-operative Banks' Employees Retirement Association. It is the Company's policy to fund pension plan costs in the year of accrual.

**Stock-based compensation:**

At April 30, 2010, the Company had one stock-based compensation plan, described more fully in Note M. 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. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Consolidated Statements of Income. Share-based compensation is recognized over the period the employee is required to provide services for the award. The Company uses the Black-Scholes option-pricing model to determine the fair value of stock options granted.

**Earnings per share:**

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflects the effect on the weighted average shares outstanding of the number of additional shares outstanding if dilutive stock options were converted into common stock using the treasury method.

**Subsequent events:**

The Company has evaluated subsequent events through July 6, 2010, which is the date the financial statements were available to be issued.

**Fair values of financial instruments:**

The Company uses fair value measurements to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets, and, in many cases, could not be realized in immediate settlement of the instruments.

The statement excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

**Cash, due from banks, federal funds sold and interest bearing deposits in banks:**

The carrying amounts reported in the statements of financial condition for cash, due from banks, federal funds sold, and interest bearing deposits in banks, approximate those assets' fair values.

**Investment securities:**

Fair values of investment 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:**

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type, such as commercial real estate, residential mortgage, and other consumer. Each loan category is further segmented into fixed and adjustable rate interest terms, and by performing and non-performing categories.

The fair value of performing loans, except residential mortgage loans, is calculated by discounting contractual cash flows using estimated market discount rates which reflect the credit and interest rate risk inherent in the loan. For performing residential mortgage loans, fair value is estimated by discounting contractual cash flows adjusted for prepayment estimates using discount rates based on secondary market sources adjusted to reflect differences in servicing and credit costs.

Fair value for significant non-performing loans is based on recent internal or external appraisals. If appraisals are not available, estimated cash flows are discounted using a rate commensurate with the risk associated with the estimated cash flows. Assumptions regarding credit risk, cash flows, and discount rates are judgmentally determined using available market information and specific borrower information.

The carrying amount of accrued interest receivable approximates its fair value.

**Deposit liabilities:**

The fair value of deposits with no stated maturity, such as non-interest bearing demand deposits, savings and NOW accounts, and money market and checking accounts, is equal to the amount payable on demand (that is, their carrying amounts). The fair value of certificates of deposit is based on the discounted value of contractual cash flows.

**Advances and borrowings:**

Fair values of advances and borrowings are estimated by discounting the future cash payment using rates currently available to the Company for borrowings with similar terms and maturities.

**Deposits with The Co-operative Central Bank and stock in Federal Home Loan Bank:**

The carrying amount of the deposits with The Co-operative Central Bank approximates its fair value. The carrying amount of the stock in Federal Home Loan Bank is at cost, since it is not practicable to estimate the fair value because the stock is not marketable.

**Commitments to extend credit:**

Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit-worthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

**Limitations:**

The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instruments. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and such other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

In addition, the fair value estimates are based on existing on-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets and liabilities that are not considered financial assets or liabilities include the deferred tax assets or liabilities, and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

**Fair value measurements:**

The Company groups its financial assets and financial liabilities generally measured at fair value into the following 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: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs as of the measurement date other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be derived from or corroborated by observable market data by correlation or other means for substantially the full term of the asset.

Level 3: Significant unobservable inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability as of the measurement date. These financial instruments do not have two way markets and are measured using management's best estimate of fair value.

The following is a description of the Company's valuation methodologies used to measure and disclose the fair values of its financial assets and liabilities on a recurring or nonrecurring basis:

Securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based on quoted prices, when available. If quoted prices are not available, fair values are measured using pricing models.

The Company utilizes a third party pricing service to obtain fair values for investment securities. The pricing service utilizes the following method to value the security portfolio.



The securities measured at fair value utilizing Level 1 inputs are marketable equity securities and utilizing Level 2 inputs are corporate debt securities, municipal obligations, U.S. Government and Agency obligations, including mortgage-backed and related securities. The fair values represent either quoted market prices for the identical securities (Level 1 inputs) or fair values determined by pricing models that consider standard input factors such as observable market data, benchmark yields, reported trades, broker/dealer quotes, credit spreads, benchmark securities, as well as new issue data, monthly payment information, and collateral performance, among others. The Company does not currently have any Level 3 securities in its portfolio.

Loans: The Company does not record loans at fair value on a recurring basis. However, from time to time, non-recurring fair value adjustments to collateral dependent loans are recorded to reflect partial write-downs based on the observable market price or current appraised value of the collateral.

Real estate acquired by foreclosure: Foreclosed real estate assets have been valued using a market approach. The values were determined using market prices of similar real estate assets.

The Company may be required, from time to time, to measure certain other assets and liabilities on a non-recurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets.

**Recent accounting pronouncements:**

In June 2009, The Financial Accounting Standards Board ("FASB") approved the FASB Accounting Standards Codification (Codification) as the single source of authoritative non-governmental U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Codification does not change current U.S. GAAP but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the Codification will be considered non-authoritative. The Codification is effective for interim and annual periods ending after September 15, 2009. The Codification was effective for Mayflower Bancorp, Inc. during its interim period ending October 31, 2009 and it did not have an impact on its financial condition or results of operations.

In March 2008, the FASB issued guidance which changes the disclosure requirements for derivative instruments and hedging activities. This guidance is intended to enhance the current disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for the Company's consolidated financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance that requires companies to disclose the fair value of financial instruments within interim financial statements, adding to the current requirement to provide those disclosures annually. This guidance is effective for interim reporting periods ending after June 15, 2009. Accordingly the Company adopted this guidance as of July 31, 2009.

In May 2009 and February 2010, the FASB issued guidance establishing general standards of accounting for and disclosure of subsequent events, which are events occurring after the balance sheet date but before the date the financial statements are issued or available to be issued. In particular, this guidance requires entities to recognize in the financial statements the effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date, including the estimates inherent in the financial statement preparation process. Entities may not recognize the impact of subsequent events that provide evidence about conditions that did not exist at the balance sheet date but arose after that date. This guidance was effective for interim and annual reporting periods ending after June 15, 2009. Mayflower Bancorp, Inc. adopted the provisions of this guidance and it did not have any impact on the Company's consolidated financial statements.

In January 2010, the FASB issued guidance which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. This guidance is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

**B. INVESTMENT SECURITIES:**

Investment securities have been classified according to management's intent. The amortized cost of securities and their approximate fair values at April 30 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(In Thousands)</i>				
<b>April 30, 2010</b>				
<b>AVAILABLE-FOR-SALE SECURITIES:</b>				
U.S. Government obligations . . . . .	\$14,739	\$ 66	\$ (1)	\$14,804
Corporate debt securities . . . . .	500	—	—	500
Municipal obligations . . . . .	1,977	75	—	2,052
Mortgage-backed and related securities . . . . .	29,512	1,281	—	30,793
Trust preferred securities . . . . .	750	—	(122)	628
Marketable equity securities . . . . .	748	73	(22)	799
	<b>\$48,226</b>	<b>\$1,495</b>	<b>\$ (145)</b>	<b>\$49,576</b>
<b>HELD-TO-MATURITY SECURITIES:</b>				
U.S. Government obligations . . . . .	\$18,756	\$ 83	\$ (2)	\$18,837
Municipal obligations . . . . .	2,661	90	—	2,751
Mortgage-backed and related securities . . . . .	23,376	954	(21)	24,309
	<b>\$44,793</b>	<b>\$1,127</b>	<b>\$ (23)</b>	<b>\$45,897</b>
<i>(In Thousands)</i>				
<b>April 30, 2009</b>				
<b>AVAILABLE-FOR-SALE SECURITIES:</b>				
U.S. Government obligations . . . . .	\$ 6,498	\$ 37	\$ —	\$ 6,535
Corporate debt securities . . . . .	1,000	—	(511)	489
Municipal obligations . . . . .	1,985	59	—	2,044
Mortgage-backed and related securities . . . . .	33,449	1,296	(1)	34,744
Trust preferred securities . . . . .	750	—	(419)	331
Marketable equity securities . . . . .	1,047	29	(197)	879
	<b>\$ 44,729</b>	<b>\$ 1,421</b>	<b>\$(1,128)</b>	<b>\$ 45,022</b>
<b>HELD-TO-MATURITY SECURITIES:</b>				
U.S. Government obligations . . . . .	\$ 15,555	\$ 95	\$ (10)	\$ 15,640
Municipal obligations . . . . .	2,917	79	(19)	2,977
Mortgage-backed and related securities . . . . .	26,767	826	(68)	27,525
	<b>\$ 45,239</b>	<b>\$ 1,000</b>	<b>\$ (97)</b>	<b>\$ 46,142</b>

At April 30, 2010, debt securities with a fair value of \$2,508,000 were pledged to secure advances from the Federal Reserve Bank.

Mortgage-backed and related securities consist of primarily FHLMC and FNMA certificates and other asset-backed investments.

Proceeds from sales of investment securities amounted to \$6,906,000 and \$2,186,000 during the years ended April 30, 2010 and 2009, respectively. Gross gains of \$253,000 and \$13,000 for the years ended April 30, 2010 and 2009, respectively, and gross losses of \$0 and \$28,000, respectively, for the years ended April 30, 2010 and 2009 were realized on those sales. Additionally, gross gains of \$15,000 and \$2,000, respectively, were recorded on calls of investment securities.

During the year ended April 30, 2009, the Company recognized an other-than-temporary impairment charge of \$1,930,000 on its investment in the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation's preferred and auction rate preferred stock.

The scheduled maturities of securities held-to-maturity and securities (other than equity securities) available-for-sale at April 30, 2010 are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<i>(In Thousands)</i>	Securities Held-to-Maturity		Securities Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	Due in 1 year or less . . . . .	\$ —	\$ —	\$ 452
Due after 1 year through 5 years . . . . .	15,189	15,300	15,502	15,602
Due after 5 years through 10 years . . . . .	4,973	5,010	996	1,019
Due after 10 years . . . . .	1,255	1,278	266	276
	21,417	21,588	17,216	17,356
Mortgage-backed and related securities . . . . .	23,376	24,309	29,512	30,793
	<u>\$44,793</u>	<u>\$45,897</u>	<u>\$46,728</u>	<u>\$48,149</u>

Information pertaining to securities with gross unrealized losses at April 30, 2010, aggregated by investment category and length of time that individual securities have been in a continuous loss position follows:

<i>(In Thousands)</i>	Less Than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	<b>SECURITIES AVAILABLE-FOR-SALE</b>					
Debt Securities:						
U.S. Government obligations . . . . .	\$ 998	\$1	\$ —	\$ —	\$ 998	\$ 1
Trust preferred securities . . . . .	—	—	628	122	628	122
Total debt securities . . . . .	998	1	628	122	1,626	123
Marketable equity securities . . . . .	—	—	726	22	726	22
Total securities available-for-sale . . . . .	<u>\$ 998</u>	<u>\$1</u>	<u>\$1,354</u>	<u>\$144</u>	<u>\$2,352</u>	<u>\$145</u>
<b>SECURITIES HELD-TO-MATURITY</b>						
U.S. Government obligations . . . . .	\$1,498	\$2	\$ —	\$ —	\$1,498	\$ 2
Mortgage-backed and related securities . . . . .	1,916	5	234	16	2,150	21
Total securities held-to-maturity . . . . .	<u>\$3,414</u>	<u>\$7</u>	<u>\$ 234</u>	<u>\$ 16</u>	<u>\$3,648</u>	<u>\$ 23</u>

Management reviews the investment portfolio from time to time and evaluates securities for other-than-temporary impairment status. As part of this review, management discusses those securities that have depreciated in value to determine if the security is other-than-temporarily impaired. If the conclusion is that the security has been impaired, management will either write down or sell the security. As part of the evaluation process, consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At April 30, 2010, the Company had 11 securities with an amortized cost of \$6,167,000 with \$168,000 of unrealized losses on these securities. Of these securities, \$4,419,000 with losses of \$8,000, have been at a loss position for less than 12 months; and \$1,748,000 of these securities, with losses of \$160,000, have been at a loss position for longer than 12 months. The Company believes that these securities are only temporarily impaired and that the full principal and interest will be collected as anticipated.

Of the securities with unrealized losses longer than 12 months at April 30, 2010, \$122,000 of the unrealized loss relates to trust preferred securities, \$22,000 relates to preferred stocks, and \$16,000 of the unrealized loss relates to mortgage backed and related securities. The unrealized losses result from changes in bond and equity markets since the securities' purchase dates. The Company has the ability to hold the debt securities until maturity and equity securities for the foreseeable future. No declines are deemed to be other than temporary. In analyzing the issuer's financial condition, management considers industry analysts' reports, financial performance, and projected target prices of investment analysts.

### C. LOANS RECEIVABLE:

Loans receivable at April 30 are summarized as follows:

(In Thousands)	April 30	
	2010	2009
Mortgage loans on real estate:		
Residential . . . . .	\$ 46,814	\$ 54,706
Commercial . . . . .	41,061	43,404
Construction . . . . .	5,684	6,589
Home equity loans . . . . .	4,329	5,521
Home equity lines of credit . . . . .	17,578	17,447
	<b>115,466</b>	127,667
Less:		
Due borrowers on unadvanced loans . . . . .	(1,453)	(1,392)
Net deferred loan origination (fees) costs . . . . .	102	85
	<b>114,115</b>	126,360
Consumer loans:		
Personal . . . . .	1,002	1,052
Loans secured by savings accounts . . . . .	686	703
	<b>1,688</b>	1,755
Commercial loans:		
Secured and unsecured . . . . .	2,017	1,013
Lines of credit . . . . .	3,919	3,288
	<b>5,936</b>	4,301
	<b>121,739</b>	132,416
Less allowance for loan losses . . . . .	(1,194)	(1,305)
	<b>\$120,545</b>	\$131,111

Home equity lines of credit, consumer lines of credit and commercial lines of credit are shown net of unadvanced funds amounting to \$19,102,000, \$374,000 and \$3,668,000, respectively, at April 30, 2010.

Non-accrual loans include loans which are contractually past due 90 days or more and loans less than 90 days past due on which the Bank has ceased accruing interest. Total interest due but not accrued on non-accrual loans totaled approximately \$14,000 and \$11,000 at April 30, 2010 and 2009, respectively.

At April 30, 2010, impaired loans included two commercial real estate mortgage loans, two commercial loans, and one residential mortgage loan. One of these commercial real estate mortgage loans with a principal balance of \$586,000 is performing according to its revised contractual terms.

The following is a summary of information pertaining to impaired and non-accrual loans:

<i>(In Thousands)</i>	April 30,	
	2010	2009
Impaired loans without a valuation allowance . . . . .	\$ 396	\$ —
Impaired loans with a valuation allowance . . . . .	704	595
Total impaired loans . . . . .	<u>\$1,100</u>	<u>\$595</u>
Valuation allowance related to impaired loans . . . . .	\$ 55	\$ 26
Non-accrual loans . . . . .	<u>\$ 514</u>	<u>\$345</u>
Loans past due 90 days or more and still accruing . . . . .	\$ —	\$ —
Average investment in impaired loans . . . . .	<u>\$1,104</u>	<u>\$149</u>
Interest income recognized on impaired loans . . . . .	<u>\$ 41</u>	<u>\$ 22</u>

There were no additional funds committed to be advanced in connection with impaired loans.

Activity in the allowance for loan losses is summarized as follows for the years ended April 30:

<i>(In Thousands)</i>	2010	2009
Balance at beginning of year . . . . .	\$1,305	\$1,375
Provision for loan losses . . . . .	215	—
Loans charged off . . . . .	(332)	(78)
Recoveries . . . . .	6	8
Balance at end of year . . . . .	<u>\$1,194</u>	<u>\$1,305</u>

#### D. LOAN SERVICING:

Mortgage loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balance of mortgage loans serviced for others was \$87,715,000 and \$79,012,000 at April 30, 2010 and 2009, respectively.

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately \$531,000 and \$334,000 at April 30, 2010 and 2009, respectively.

Mortgage servicing rights of approximately \$219,000 and \$260,000 were capitalized in 2010 and 2009, respectively. Amortization of mortgage servicing rights was approximately \$178,000 for each of the years ended April 30, 2010 and 2009.

#### E. ACCRUED INTEREST RECEIVABLE:

Accrued interest receivable at April 30 is summarized as follows:

<i>(In Thousands)</i>	2010	2009
Investment securities . . . . .	\$473	\$ 489
Loans receivable . . . . .	452	533
Other . . . . .	1	—
	<u>\$926</u>	<u>\$1,022</u>

#### F. PREMISES AND EQUIPMENT:

A summary of the cost and accumulated depreciation of premises and equipment at April 30 is summarized as follows:

<i>(In Thousands)</i>	2010	2009
Land . . . . .	\$ 2,928	\$ 2,928
Buildings and land improvements . . . . .	10,369	10,902
Equipment . . . . .	2,239	2,125
	<u>15,536</u>	<u>15,955</u>
Accumulated depreciation . . . . .	(4,389)	(3,964)
	<u>\$11,147</u>	<u>\$11,991</u>

Depreciation expense for the years ended April 30, 2010 and 2009 amounted to \$528,000 and \$490,000, respectively.

**G. DEPOSITS:**

Deposits at April 30 are summarized as follows:

<i>(In Thousands)</i>	2010	2009
NOW accounts	\$ 32,598	\$ 29,869
Demand deposit accounts	17,397	12,462
Official checks	2,331	2,124
Regular savings accounts	34,849	31,148
Money market deposit accounts	38,527	20,693
Total non-certificate accounts	<u>125,702</u>	<u>96,296</u>
Certificates:		
Term and money market	82,200	100,294
IRA	17,415	17,367
Total certificate accounts	<u>99,615</u>	<u>117,661</u>
Total deposits	<u>\$225,317</u>	<u>\$213,957</u>

Term deposit certificates of \$100,000 or more totaled approximately \$37,414,000 and \$44,715,000 at April 30, 2010 and 2009, respectively.

A summary of term certificate accounts by maturity, as of April 30, 2010, is as follows:

	Weighted Average Rate	Amount in Thousands
Within one year	1.36%	\$81,113
Over one year to two years	1.85%	12,811
Over two years to three years	2.31%	3,623
Over three years to five years	3.05%	2,068
		<u>\$99,615</u>

**H. ADVANCES, BORROWINGS AND LINES-OF-CREDIT:**

At April 30, 2010, the Company has outstanding advances from the Federal Home Loan Bank of Boston amounting to \$7,500,000, which mature at various dates through June 2017 and bear interest at rates ranging from 2.50% to 4.75%. The advances may be prepaid at any time subject to a prepayment fee. Principal maturities under these advances are as follows:

Year Ending April 30	Amount in Thousands
2011	\$4,000
2012	2,500
2013	—
2014	—
2015	—
Thereafter	1,000
	<u>\$7,500</u>

All borrowings from the Federal Home Loan Bank of Boston are secured by certain unencumbered mortgage loans. The Company also has a variable rate overnight line-of-credit of \$2,714,000 with the Federal Home Loan Bank of Boston, which was unused at April 30, 2010. The Bank has also established a line of credit with the Federal Reserve Bank, collateralized by \$2.5 million of securities issued by Government Sponsored Entities, and has an unsecured line of credit with The Co-operative Central Bank. All of these lines were unused at April 30, 2010.



**I. INCOME TAXES:**

Consolidated income taxes for the years ended April 30 are summarized as follows:

<i>(In Thousands)</i>	2010	2009
Current:		
Federal .....	\$ 637	\$ 653
State .....	143	127
Total current .....	<u>780</u>	<u>780</u>
Deferred (Benefit):		
Federal .....	(150)	(903)
State .....	(73)	(82)
Total deferred (benefit) .....	<u>(223)</u>	<u>(985)</u>
Total income tax expense (benefit) .....	<u>\$ 557</u>	<u>\$ (205)</u>

The components of the net deferred tax assets (liabilities) at April 30 are summarized as follows:

<i>(In Thousands)</i>	2010	2009
Deferred tax assets for deductible temporary differences .....	\$ 2,042	\$1,962
Deferred tax liabilities for taxable temporary differences .....	<u>(1,245)</u>	<u>(945)</u>
Net deferred tax asset .....	<u>\$ 797</u>	<u>\$1,017</u>

The tax effects of significant temporary differences at April 30 are summarized as follows:

<i>(In Thousands)</i>	2010	2009
Deferred tax assets:		
Allowance for loan losses in excess of tax reserves .....	\$ 489	\$ 534
Deferred compensation .....	226	211
Tax versus book basis of organization costs .....	56	61
Capital loss carryover .....	—	59
Tax versus book basis of loans originated for sale .....	414	279
Tax versus book basis of real estate acquired by foreclosure .....	127	62
Fannie Mae and Freddie Mac ordinary loss .....	656	656
Reserve for credit losses .....	45	45
Other .....	29	55
	<u>\$ 2,042</u>	<u>\$1,962</u>
Deferred tax liabilities:		
Tax versus book basis of premises and equipment .....	\$ 306	\$ 330
Tax versus book basis of mortgage servicing rights .....	209	187
Loan origination fees deferred for tax purposes .....	153	159
Unrealized gain on available-for-sale securities .....	542	99
Other .....	35	170
	<u>\$ 1,245</u>	<u>\$ 945</u>

Total income tax expense differed from amounts computed by applying the U.S. federal income tax rate of 34% to income before income taxes as a result of the following:

<i>(In Thousands)</i>	2010	2009
Expected income tax expense (benefit) at federal tax rate .....	\$ 585	\$ (58)
State income tax, net of federal income tax .....	46	30
Dividends received deduction and other .....	(74)	(177)
Total income tax expense (benefit) .....	<u>\$ 557</u>	<u>\$ (205)</u>

No interest or penalties were recognized in income tax expense for the years ended April 30, 2010 and 2009.

**J. OTHER NONINTEREST EXPENSE:**

Other noninterest expense amounts are summarized as follows for the years ended April 30:

<i>(In Thousands)</i>	2010	2009
Data processing .....	\$ 346	\$ 347
Directors' fees .....	235	247
Professional fees (legal, audit, consulting) .....	342	333
Printing, postage, and supplies .....	210	201
Other .....	1,025	902
	<b>\$2,158</b>	<b>\$2,030</b>

**K. COMMITMENTS AND CONTINGENCIES:****Financial instruments with off-balance sheet risk:**

The Company enters into financial agreements in the normal course of business that have off-balance sheet risks. These arrangements are used to meet the financing needs of its customers and to limit its own exposure to fluctuating market conditions. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated statements of financial condition. These financial agreements include commitments to originate loans, to disburse funds to borrowers on unused construction loans and to disburse funds on committed but unused lines of credit and letters of credit.

Financial instruments whose contract amounts represent credit risk at April 30:

<i>(In Thousands)</i>	2010	2009
Commitments to originate loans .....	\$ 3,465	\$ 5,922
Unadvanced portions of home equity, consumer and commercial lines of credit .....	23,144	21,669
Unadvanced portions of construction loans .....	1,453	1,392
Standby letters of credit .....	204	223
	<b>\$28,266</b>	<b>\$29,206</b>

The Company's exposure to credit loss in the event of nonperformance by the other party to these financial agreements is represented by the contractual amount of those commitments. These financial instruments are agreements to lend to a customer provided there are no violations of any conditions established in the contract. In addition, the agreements generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some commitments are expected to expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. The amount and type of collateral obtained, if deemed necessary by the Company upon extension of credit, varies and is based on management's credit evaluation of the borrower.

The Company uses the same credit policies in making these commitments as it does for on-balance sheet instruments, and evaluates each customer's creditworthiness on a case-by-case basis.

**Lease commitments:**

The Company leases its Rochester branch location, the site for its Bridgewater branch location, and two parcels of land for remote ATM locations under non-cancelable operating leases which expire at various times through November 2027. Minimum future lease payments under these leases are as follows:

Year Ending April 30	Amounts in Thousands
2011 .....	\$ 48
2012 .....	45
2013 .....	33
2014 .....	34
2015 .....	34
Thereafter .....	514
	<b>\$708</b>

Rental expense amounted to \$74,000 and \$72,000 for the years ended April 30, 2010 and 2009, respectively.

**L. PENSION PLANS:**

The Company provides a pension plan covering all eligible employees through membership in the Co-operative Banks' Employees Retirement Association (CBERA). Contributions to the plan are based on the funding requirements set forth by the Trustees of the Retirement Association. In addition, the Company also participates in a 401(k) savings plan through CBERA. Eligible employees may contribute up to 50% of their salary, subject to certain limitations, which can be matched up to 5% by the Company on a dollar-for-dollar basis.

Pension expense on the multi-employer plans, including contributory payments to the Company-sponsored 401(k) plan, amounted to \$260,000 and \$228,000 for the years ended April 30, 2010 and 2009, respectively.

In 1998, the Company adopted a deferred compensation arrangement with certain officers and directors whereby these individuals can elect to defer a portion of compensation and fees to be then paid in the future with interest defined in the Plan. Total expense under this Plan amounted to \$55,000 and \$69,000 for the years ended April 30, 2010 and 2009, respectively.

**M. STOCK OPTION PLANS:**

In 1999, the Board of Directors adopted a Stock Option and Incentive Plan for the benefit of officer and non-officer employees and directors of the Company. Shares reserved under this plan totaled 99,750 shares of authorized but unissued common stock. The exercise price of any option granted will not be less than the fair market value of the common stock on the date of grant. In December 1999, the Board of Directors granted options for 74,925 shares at an exercise price of \$8.83. In June 2000, the Board of Directors granted options for 7,500 shares at an exercise price of \$7.09. In December 2005, the Board of Directors granted options for 25,950 shares at an exercise price of \$14.00. A portion of these options were available as a result of accumulated forfeitures of previously granted options. The options are exercisable over a ten-year period from the grant dates with no significant vesting periods required.

A summary of the activity under the Plans is as follows:

	Number of Shares	Average Exercise Price
Balance outstanding at April 30, 2008	79,362	\$ 10.36
Options exercised \$(8.83)	(1,500)	8.83
Options forfeited \$(14.00)	(1,000)	14.00
Balance outstanding at April 30, 2009	76,862	\$10.34
Options exercised	—	—
Options forfeited \$(8.83)	(44,412)	8.83
<b>Balance outstanding at April 30, 2010</b>	<b>32,450</b>	<b>\$12.40</b>

There was no stock-based compensation expense for the years ended April 30, 2010 and 2009.

**N. CONCENTRATION OF CREDIT RISK:**

The Company maintains cash deposits at various financial institutions. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000 through December 31, 2013. At various times throughout the year, the Company's balances may have exceeded the insured limit.

**O. REGULATORY MATTERS:**

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

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to total average assets (as defined). Management believes, as of April 30, 2010, that the Company meets all capital adequacy requirements to which it is subject.

As of September 30, 2009, the most recent examination by the Commonwealth of Massachusetts Division of Banks, the Company was categorized as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Company must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage capital ratios as set forth in the accompanying table. There are no conditions or events since that notification that management believes have changed the Company's category.

The following table sets forth the Company's various regulatory capital categories at April 30, 2010 and 2009 (amounts in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>As of April 30, 2010:</b>						
Total capital (to risk-weighted assets)						
Mayflower Bancorp, Inc. . . . .	\$20,875	15.5%	\$10,773	8.0%	\$13,466	≥ 10.0%
Mayflower Co-operative Bank . . . . .	20,805	15.5%	10,768	8.0%	13,460	≥ 10.0%
Tier I capital (to risk-weighted assets)						
Mayflower Bancorp, Inc. . . . .	19,571	14.5%	5,387	4.0%	8,080	≥ 6.0%
Mayflower Co-operative Bank . . . . .	19,501	14.5%	5,384	4.0%	8,076	≥ 6.0%
Tier I capital (to total average assets)						
Mayflower Bancorp, Inc. . . . .	19,571	7.9%	9,906	4.0%	12,382	≥ 5.0%
Mayflower Co-operative Bank . . . . .	19,501	7.9%	9,903	4.0%	12,379	≥ 5.0%
<b>As of April 30, 2009:</b>						
Total capital (to risk-weighted assets)						
Mayflower Bancorp, Inc. . . . .	\$ 20,101	14.4%	\$ 11,162	8.0%	\$ 13,953	≥ 10.0%
Mayflower Co-operative Bank . . . . .	20,057	14.4%	11,157	8.0%	13,946	≥ 10.0%
Tier I capital (to risk-weighted assets)						
Mayflower Bancorp, Inc. . . . .	18,686	13.4%	5,581	4.0%	8,372	≥ 6.0%
Mayflower Co-operative Bank . . . . .	18,642	13.4%	5,578	4.0%	8,368	≥ 6.0%
Tier I capital (to total average assets)						
Mayflower Bancorp, Inc. . . . .	18,686	7.6%	9,881	4.0%	12,351	≥ 5.0%
Mayflower Co-operative Bank . . . . .	18,642	7.5%	9,878	4.0%	12,348	≥ 5.0%

#### P. FAIR VALUES OF FINANCIAL INSTRUMENTS:

The estimated fair values of the Company's financial instruments at April 30, 2010 and 2009 are as follows:

(In Thousands)	April 30, 2010		April 30, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets:</b>				
Cash and due from banks . . . . .	\$ 4,559	\$ 4,559	\$ 4,192	\$ 4,192
Federal funds sold and interest bearing deposits in banks . . . . .	15,914	15,914	6,184	6,184
Investment securities . . . . .	94,369	95,473	90,261	91,164
Loans, net . . . . .	120,545	121,990	131,111	133,190
Accrued interest receivable . . . . .	926	926	1,022	1,022
Deposits with The Co-operative Central Bank . . . . .	449	449	449	449
Stock in Federal Home Loan Bank of Boston . . . . .	1,650	1,650	1,650	1,650
<b>Financial liabilities:</b>				
Deposits . . . . .	225,317	225,726	213,957	215,134
Advances and borrowings . . . . .	7,500	7,985	13,888	14,679

**Q. FAIR VALUE MEASUREMENTS:**

The balances of assets and liabilities measured at fair value as of April 30, 2010 and 2009 are as follows:

	Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets		
		(Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<i>(In Thousands)</i>				
<b>April 30, 2010</b>				
Financial instruments measured at fair value on a recurring basis:				
Securities available-for-sale . . . . .	\$49,576	\$—	\$49,576	\$—
Financial instruments measured at fair value on a nonrecurring basis:				
Impaired loans . . . . .	\$ 1,100	\$—	\$ 1,100	\$—
Real estate acquired by foreclosure . . . . .	\$ 1,815	\$—	\$ 1,815	\$—
<i>(In Thousands)</i>				
<b>April 30, 2009</b>				
Financial instruments measured at fair value on a recurring basis:				
Securities available-for-sale . . . . .	\$ 45,022	\$—	\$ 45,022	\$—
Financial instruments measured at fair value on a nonrecurring basis:				
Impaired loans . . . . .	\$ 595	\$—	\$ 595	\$—
Real estate acquired by foreclosure . . . . .	\$ 590	\$—	\$ 590	\$—

**R. PARENT COMPANY FINANCIAL STATEMENTS:**

The following are the condensed financial statements for Mayflower Bancorp, Inc. (the "Parent Company") only:

**BALANCE SHEETS**

	April 30	
	2010	2009
<i>(In Thousands)</i>		
<b>ASSETS</b>		
Cash . . . . .	\$ 5	\$ 1
Investment in subsidiary . . . . .	20,413	19,272
Refundable income taxes . . . . .	6	4
Deferred income tax asset, net. . . . .	56	61
Total Assets. . . . .	<b>\$20,480</b>	<b>\$19,338</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accrued expenses and other liabilities . . . . .	\$ —	\$ —
Total Liabilities . . . . .	—	—
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock \$1.00 par value; authorized 5,000,000 shares; issued—none . . . . .	—	—
Common stock \$1.00 par value; authorized 15,000,000 shares; issued 2,078,985 shares in 2010 and 2,085,886 shares in 2009. . . . .	2,079	2,086
Additional paid-in capital . . . . .	4,300	4,311
Retained earnings. . . . .	13,293	12,747
Accumulated other comprehensive income . . . . .	808	194
Total Stockholders' Equity . . . . .	<b>20,480</b>	<b>19,338</b>
Total Liabilities and Stockholders' Equity . . . . .	<b>\$20,480</b>	<b>\$19,338</b>

Years Ended April 30, 2010 and 2009

Mayflower Bancorp, Inc. and Subsidiary

STATEMENTS OF INCOME	Year Ended April 30	
	2010	2009
<i>(In Thousands)</i>		
Dividends received from subsidiary	\$ 639	\$ 836
Non-interest expense (income)	1	(2)
Income before income taxes	638	838
Income tax expense	2	3
Income before equity in undistributed earnings of subsidiary	636	835
Equity in undistributed earnings (loss) of subsidiary	527	(800)
Net income	\$1,163	\$ 35
<b>STATEMENTS OF CASH FLOWS</b>		
<i>(In Thousands)</i>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$1,163	\$ 35
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed (earnings) loss of subsidiary	(527)	800
(Increase) decrease in refundable income taxes	(2)	—
Deferred tax expense	5	4
Net cash provided by operating activities	639	839
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Company stock	—	13
Repurchase of Company stock	(51)	(62)
Dividends paid	(584)	(835)
Net cash used by financing activities	(635)	(884)
Net increase (decrease) in cash	4	(45)
Cash, beginning of year	1	46
Cash, end of year	\$ 5	\$ 1

**S. QUARTERLY DATA (UNAUDITED):**

Consolidated operating results on a quarterly basis for the years ended April 30, 2010 and 2009 are summarized as follows (in thousands, except per share data):

	2010				2009			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	\$ 2,712	\$ 2,786	\$ 2,854	\$ 2,927	\$ 2,964	\$ 3,101	\$ 3,157	\$ 3,184
Interest expense	571	706	973	1,089	1,152	1,230	1,295	1,391
Net interest income	2,141	2,080	1,881	1,838	1,812	1,871	1,862	1,793
Provision for loan losses	140	75	—	—	—	—	—	—
Net interest income after provision for loan losses	2,001	2,005	1,881	1,838	1,812	1,871	1,862	1,793
Noninterest income:								
Gain on sales of mortgages	80	73	81	189	263	217	45	19
Gain (loss) on sales and writedowns of investments	109	28	128	3	1	—	(1,930)	(14)
Other	279	274	287	266	236	267	308	265
Total noninterest income	468	375	496	458	500	484	(1,577)	270
Noninterest expense	(1,973)	(1,888)	(1,979)	(1,962)	(1,858)	(1,766)	(1,846)	(1,715)
Income (loss) before income taxes	496	492	398	334	454	589	(1,561)	348
Provision (benefit) for income taxes	183	176	96	102	149	202	(654)	98
Net income (loss)	\$ 313	\$ 316	\$ 302	\$ 232	\$ 305	\$ 387	\$ (907)	\$ 250
Basic earnings (loss) per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.11	\$ 0.15	\$ 0.19	\$ (0.44)	\$ 0.12
Diluted earnings (loss) per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.11	\$ 0.15	\$ 0.19	\$ (0.44)	\$ 0.12

**FORWARD-LOOKING STATEMENTS:**

This report includes certain forward-looking statements that involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Those factors include the economic environment, competition, products and pricing in geographic and business areas in which Mayflower Bancorp, Inc. ("the Company") and its wholly owned subsidiary, Mayflower Co-operative Bank (the "Bank") operate, prevailing interest rates, changes in government regulations and policies affecting financial services companies, and credit quality and credit risk management. The Company undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this report.

**RECENT ACCOUNTING PRONOUNCEMENTS:**

For a discussion of recent accounting pronouncements see Note A of the Company's Consolidated Financial Statements included with this Annual Report.

**CRITICAL ACCOUNTING POLICIES:**

The Company's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. As such the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates and the reported amounts of income and expense during the reporting periods. Actual amounts could differ from such estimates. The Company believes that the following accounting policies are among the most critical because they involve significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions.

***Allowance for loan losses:***

The provision for loan losses represents a charge or credit against current earnings and an addition or deduction from the allowance for loan losses. In determining the amount to provide for loan losses, the key factor is the adequacy of the allowance for loan losses. Management uses a methodology to systematically measure the amount of estimated loan loss exposure inherent in the loan portfolio for purposes of establishing an adequate allowance for loan losses. The methodology includes three elements: (1) an analysis of individual loans currently delinquent or deemed to be impaired, (2) general loss allocations for various types of loans based on historic loss experience factors, and (3) an unallocated allowance. The general and unallocated allowances are maintained based on management's assessment of many factors including the risk characteristics of the loan portfolio, concentrations of credit, current and anticipated economic conditions that may effect borrowers' ability to pay, and trends in loan delinquencies and charge-offs.

Any significant changes in these assumptions and/or conditions could result in higher than estimated losses that could adversely affect the Company's earnings. In addition, regulatory agencies, as part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to recognize additional allowances based on judgments different than those of management, which could also adversely affect the Company's earnings. Refer to the discussion of Allowance for Loan Losses in the Business Section of the Company's Form 10-K for the year ended April 30, 2010 and Note A to Consolidated Financial Statements for a further description of the allowance for loan losses.

***Other-than-temporarily impaired investment securities:***

Management judgment is involved in the evaluation of declines in value of individual investment securities held by the Company. Declines in value that are deemed other-than-temporary are recognized in the income statement through a write-down in the recorded value of the affected security. Management considers many factors in its analysis of other-than-temporarily impaired securities including industry analyst reports, performance according to terms, sector credit ratings, volatility in market price and other relevant information such as financial condition, earnings capacity and near term prospects of the company and the length of time and extent to which the market value has been less than cost.

Whenever a debt or equity security is deemed to be other-than-temporarily impaired, as determined by management's analysis, it is written-down to its current fair market value. Any unfavorable change in general market conditions or the condition of a specific issuer could cause an increase in the Company's impairment write-downs on investment securities, which would have an adverse effect on the Company's earnings.

**FINANCIAL CONDITION:**

At April 30, 2010, the Company's total assets were \$255.5 million as compared to \$249.5 million at April 30, 2009, an increase of \$6.0 million or 2.4%. During the year ended April 30, 2010, cash and cash equivalents increased by \$10.1 million and total investments increased by \$4.1 million. These were offset by a decrease in net loans receivable of \$10.6 million. Additionally, real estate acquired by foreclosure increased by \$1.2 million and other assets increased by \$1.6 million, partially a result of a prepaid FDIC assessment paid during the year.

During the fiscal year ended April 30, 2010, the Company originated residential mortgages totaling \$23.0 million, compared to \$34.1 million originated for the same period one year ago. During fiscal year 2010, the Company sold \$21.9 million of fixed-rate residential loans in the secondary mortgage market, generating gains of \$423,000. This compares to sales of \$26.0 million for the prior year, with realized gains of \$544,000. This activity, combined with other mortgage payoffs and regularly scheduled amortization, resulted in a \$7.9 million decrease, or 14.4%, in residential loan balances as compared to April 30, 2009.

Additionally, since April 30, 2009, commercial mortgage balances have decreased by \$2.3 million, home equity loans and lines of credit have decreased by \$1.1 million, and net construction loans outstanding decreased by \$966,000 as the Company continues to de-emphasize the origination of new construction loans. These decreases were offset by an increase of \$1.6 million in commercial loans outstanding. In aggregate, net loans outstanding decreased by \$10.6 million from \$131.1 million at April 30, 2009 to \$120.5 million at April 30, 2010.

Commercial business, construction and commercial real estate financing are generally considered to involve a higher degree of credit risk than long-term financing of residential properties due to their higher potential for default and the possible difficulty and expense of disposing of underlying collateral, if any. As such, the overall strength of the Company's loan portfolio will continue to rely heavily on the health of the New England and local economies.

Non-performing assets are comprised of non-accrual loans, non-accrual investments and real estate acquired by foreclosure. Non-performing loans consist of loans that are more than 90 days past due and loans less than 90 days past due on which the Company has ceased accruing interest. As of April 30, 2010, non-performing assets totaled \$2.3 million, compared to \$935,000 at April 30, 2009. The increase in non-performing assets is comprised of an increase of \$1.2 million in real estate acquired by foreclosure and an increase of \$169,000 in non-performing loans. During the year, the Company was able to resolve certain previously classified non-performing loans and charged off others. At April 30, 2010, non-performing assets represented 0.91% of total assets compared to 0.37% of total assets at April 30, 2009.

At April 30, 2010, the Company's allowance for loan losses was \$1.2 million, which represented 0.99% of net loans receivable and 232.3% of non-performing loans at that date. This compares to \$1.3 million at April 30, 2009, which represented 1.00% of net loans receivable and 378.3% of non-performing loans. During the year, the Company provided \$215,000 to replenish the reserve and charged off \$213,000 in commercial mortgages, \$21,000 in residential mortgages, \$30,000 in home equity lines of credit, \$12,000 in personal loans, and \$50,000 in commercial loans. Management continues to closely monitor the loan portfolio and will continue to provide for potential losses as they become likely. The Company's loan portfolio continues to rely heavily on the strength of the local real estate market and a significant deterioration in that market or other negative economic conditions could have a negative impact on the Company's results. In addition, commercial business, construction, and commercial real estate financing are generally considered to involve a higher degree of credit risk than long-term financing of residential properties due to their higher potential for default and the possible difficulty of disposing of the underlying collateral. As management continues to closely monitor the Company's loan portfolio, higher provisions for loan losses and foreclosed property expense may be required should economic conditions worsen or the levels of non-performing assets increase.

The Company also maintains an allowance for loan losses on off-balance sheet credit exposures (reflected separately on the balance sheet). This allowance totaled \$110,000 at April 30, 2010 and 2009. This allowance is intended to protect the Company against losses on undrawn or unfunded loan commitments made to customers.

Total deposits, after interest credited, increased by \$11.4 million due primarily to growth of \$17.8 million in money market deposit accounts and \$11.6 million in checking and savings accounts, partially offset by a reduction of \$18.0 million in certificates of deposit. Additionally, during the year, wholesale advances and other borrowings decreased by \$6.4 million, from \$13.9 million at April 30, 2009 to \$7.5 million at April 30, 2010.



Total stockholders' equity increased by \$1.1 million when compared to April 30, 2009. The increase in total equity is due to net income of \$1.2 million for the year and an increase of \$614,000 in the net unrealized gain on securities available-for-sale. These increases in total equity were offset by dividends to shareholders of \$0.28 per share or \$584,000 and by Company stock repurchases totaling \$51,000.

## RESULTS OF OPERATIONS

### *Mayflower Bancorp, Inc.*

#### *Comparison of the years ended April 30, 2010 and April 30, 2009*

##### General:

Net income for the year ended April 30, 2010 was \$1.2 million compared with \$35,000 for the year ended April 30, 2009, an increase of \$1.1 million. The improvement in net income was substantially a result of an increase of \$2.1 million in total non-interest income, due primarily to a prior-year gross other-than-temporary impairment charge of \$1.9 million relating to the Company's investment in preferred stock and auction rate preferred stock issued by the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal National Mortgage Associate ("Fannie Mae"). The net after tax impact to earnings as a result of this charge was \$1.2 million. Additionally, net interest income increased by \$602,000 due to increasing spreads and margins, while the provision for loan losses increased by \$215,000, and total non-interest expenses increased by \$617,000.

The Company's results largely depend upon its net interest margin, which is the difference between the income earned on loans and investments, and the interest paid on deposits and borrowings as a percentage of average interest-earning assets. During the year ended April 30, 2010, the Company's net interest margin increased from 3.25% to 3.53%, primarily a result of shorter-term certificates of deposit repricing into lower rates, as offset by reduced yields earned on investments and loans.

The effect on net interest income as a result of changes in interest rates and in the amount of interest-earning assets and interest-bearing liabilities is shown in the following table. Information is provided on changes for the period indicated attributable to (1) changes in volume (change in average balance multiplied by prior period yield), (2) changes in interest rates (changes in yield multiplied by prior period average balance) and (3) the combined effect of changes in interest rates and volume (change in yield multiplied by change in average balance).

<i>(In Thousands)</i>	2009 vs. 2010			
	Changes Due to Increase (Decrease)			
	Total	Volume	Rate	Rate/ Volume
Interest income:				
Loans receivable	\$ (708)	\$(341)	\$ (383)	\$ 16
Securities	(396)	209	(577)	(28)
Federal funds sold and interest-bearing deposits in banks	(23)	4	(24)	(3)
Total	(1,127)	(128)	(984)	(15)
Interest expense:				
Deposits	(1,483)	200	(1,610)	\$(73)
Borrowed funds	(246)	(252)	10	(4)
Total	(1,729)	(52)	(1,600)	(77)
Increase (decrease) in net interest income	\$ 602	\$ (76)	\$ 616	\$ 62

##### Interest and dividend income:

Total interest and dividend income decreased by \$1.1 million or 9.1% to \$11.3 million for the year ended April 30, 2010. Interest income from loans decreased by \$708,000. This decrease was due to a decrease of \$5.4 million in the average balance of loans outstanding, coupled with a decrease in the average rate earned on loans from 6.29% in 2009 to 6.00% in 2010. Interest and dividend income on investment securities decreased by \$396,000 as a result of decrease in the average yield earned, from 4.72% in 2009 to 4.08% in 2010, as offset by an increase of \$4.4 million in the average balance of investments. Interest on short-term investments decreased by \$23,000 as a result of a decrease in the average yield earned, from 0.62% in 2009 to 0.24% in 2010, offset by an increase of \$705,000 in the average balance of short-term investments.

**Interest expense:**

Total interest expense decreased by \$1.7 million or 34.1% to \$3.3 million for the year ended April 30, 2010. Interest expense on deposits decreased by \$1.5 million or 33.8% as a result of a decrease in the average rate paid, from 2.14% in 2009 to 1.35% in 2010, offset by an increase of \$9.4 million in the average balance of deposits. Interest expense on borrowed funds decreased by \$246,000 or 36.2% for the year ended April 30, 2010. This decrease was due to a decrease of \$6.3 million in the average balance of borrowed funds, offset by a slight increase in the average rate paid on advances, from 4.02% in 2009 to 4.08% in 2010.

**Provision for loan losses:**

The provision for loan losses was \$215,000 for the year ended April 30, 2010, compared to zero for the year ended April 30, 2009. The allowance for loan losses is maintained at a level that management considers adequate to provide for probable losses based upon evaluation of known and inherent risks in the loan portfolio. In determining the appropriate level for the allowance for loan loss, the Company considers past loss experience, evaluations of underlying collateral, prevailing economic conditions, the nature of the loan portfolio and levels of non-performing and other classified loans. While management uses available information to recognize loan losses, future additions to the allowance may be necessary based on additional increases in non-performing loans, changes in economic conditions, or for other reasons.

**Non-interest income:**

Non-interest income increased by \$2.1 million, for the year ended April 30, 2010 as compared to the year ended April 30, 2009. This was due to a change in gains/losses on sales and writedowns of investment securities, from a loss of \$1.9 million in the prior year to a gain of \$268,000 in the current year. This increase was primarily due to the prior year recognition of an other-than-temporary impairment charge of \$1.9 million relating to the Company's investment in the preferred stock and auction rate preferred stock issued by Fannie Mae and Freddie Mac recorded during the prior year.

Additionally, non-interest income improved due to an increase of \$24,000 in customer service fees, a result of increased ATM surcharge income, an increase of \$17,000 in debit card interchange income, and an increase of \$2,000 in other income. These increases were partially offset by a decrease of \$13,000 in loan origination and other loan fees and a decrease of \$121,000 on gains on sales of mortgage loans.

**Non-interest expense:**

Non-interest expense increased by \$617,000 or 8.6% for the year ended April 30, 2010. During the year, compensation and fringe benefit expense increased by \$360,000 due to employees hired to staff the new Plymouth, MA branch, the hiring of an additional commercial lender, and increases in other benefit costs. Additionally, FDIC assessment expense increased by \$128,000 due to increased FDIC deposit insurance premiums and the FDIC special assessment paid in September 2009. Other expenses increased by \$128,000 due to increased advertising and promotion expense associated with the new branch and as a result of ATM conversion costs. Also, occupancy and equipment expense increased by \$24,000. These increases were offset by a reduction of \$23,000 in losses and expenses of other real-estate owned expense.

**Provision for income taxes:**

The provision for income taxes was \$557,000 for the year ended April 30, 2010 compared to a tax benefit of \$205,000 for the year ended April 30, 2009. This increase in the tax provision was due to the improvement in net income before taxes. Effective income tax rates were 32.4% and 120.6% respectively in the 2010 and 2009 periods. The lower effective tax rate in comparison to statutory rates for the 2010 period is reflective of income earned by a non-Company investment subsidiary, which is taxed, for state tax purposes, at a lower rate; and dividends received deductions on dividend income generated by the Company's marketable equity portfolio. The higher effective tax rate in fiscal year 2009 is due to the non-deductibility for state tax purposes of the Fannie Mae and Freddie Mac preferred stock other-than-temporary impairment charge.

**Interest rate risk exposure and interest rate spread:**

The Company's net earnings depend primarily upon the difference between the income (interest and dividends) earned on its loans and investment securities (earning assets) and the interest paid on its deposits and borrowed funds (interest-bearing liabilities), together with other income and other operating expenses. The Company's investment income and interest paid (cost of funds) are significantly affected by general economic conditions and by policies of regulatory authorities.

The Company does have market risk exposure, which is the risk of loss resulting from adverse changes in market prices and rates, and which arises primarily from interest rate risk inherent in its lending, security investments, and deposit taking activities. To that end, management actively monitors and manages its interest rate risk exposure.

The Company's primary objective in managing interest rate risk is to minimize the potential adverse impact of changes on its net interest income and capital, while adjusting its rate-sensitive asset and liability structure to obtain the maximum net yield on that relationship. However, a sudden or substantial shift in interest rates may adversely impact the Company's earnings to the extent that the interest rate earned on interest-earning assets and interest paid on interest-bearing liabilities do not change at the same frequency, to the same extent or on the same basis.

The following table presents the Company's income, yield and cost of funds by their primary components for the years ended April 30. Non-accrual loan and investment balances included in the calculation of the average interest-earning assets reduce the calculated yield.

<i>(In Thousands)</i>	2010			2009		
	Average Balance	Interest	Rate (Annualized)	Average Balance	Interest	Rate (Annualized)
Interest-earning assets:						
Loans . . . . .	\$123,447	\$ 7,404	6.00%	\$128,870	\$ 8,112	6.29%
Investment securities . . . . .	94,535	3,858	4.08%	90,114	4,254	4.72%
Short-term investments and interest-bearing deposits in banks . . . . .	7,196	17	0.24%	6,491	40	0.62%
All interest-earning assets . . . . .	<u>\$225,178</u>	<u>11,279</u>	<u>5.01%</u>	<u>\$225,475</u>	<u>12,406</u>	<u>5.50%</u>
Interest-bearing liabilities:						
Deposits . . . . .	\$214,700	2,905	1.35%	\$205,348	4,388	2.14%
Borrowed funds . . . . .	10,634	434	4.08%	16,904	680	4.02%
All interest-bearing liabilities . . . . .	<u>\$225,334</u>	<u>3,339</u>	<u>1.48%</u>	<u>\$222,252</u>	<u>5,068</u>	<u>2.28%</u>
Net interest income. . . . .		<u>\$ 7,940</u>			<u>\$ 7,338</u>	
Interest rate spread. . . . .			<u>3.53%</u>			<u>3.22%</u>
Net interest margin. . . . .			<u>3.53%</u>			<u>3.25%</u>

**LIQUIDITY AND CAPITAL RESOURCES:**

The Company's primary sources of liquidity are deposits, loan payments and payoffs, investment income, maturities and principal repayments of investments, and advances from the Federal Home Loan Bank of Boston. The Bank has also established a line of credit with The Federal Reserve Bank, collateralized by certain Government Sponsored Entities. Additionally, as a member of The Co-operative Central Bank's Reserve Fund, the Company has a right to borrow from the Reserve Fund for short-term cash needs, although it has not recently exercised this right. The Company's liquidity management program is designed to insure that sufficient funds are available to meet its daily cash requirements.

The Company believes its capital resources, including deposits, scheduled loan repayments, revenue generated from the sales of loans and investment securities, unused borrowing capacity at the Federal Home Loan Bank of Boston, and revenue from other sources will be adequate to meet its funding commitments. At April 30, 2010 and April 30, 2009, the Company's capital ratios were in excess of regulatory requirements.

**IMPACT OF INFLATION:**

The Consolidated Financial Statements and related consolidated financial data presented herein have been prepared in accordance with generally accepted accounting principles which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power over time due to inflation. The primary impact of inflation on the operations of the Company is reflected in increased operating costs. Unlike most industrial companies, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on financial institutions' performance than the effects of general levels of inflation.

Interest rates do not necessarily move in the same direction or shift to the same extent as the prices of goods and services. In the current interest rate environment, liquidity and the maturity structure of the Company's assets and liabilities are important to the maintenance of acceptable performance levels.

**OFF-BALANCE SHEET ARRANGEMENTS:**

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

**STOCK MARKET DATA**

Mayflower Bancorp, Inc.'s common stock prices are quoted on the National Association of Securities Dealers Automated Quotation (NASDAQ) system under the symbol MFLR.

High and low sales prices and dividends paid during the years ended April 30, 2010 and 2009 are as follows:

Quarterly Sales Prices	High	Low	Dividends Paid
<b>2009</b>			
1st Quarter ended July 31, 2008 .....	\$11.99	\$ 9.44	\$0.10
2nd Quarter ended October 31, 2008 .....	\$10.10	\$ 5.44	\$0.10
3rd Quarter ended January 31, 2009 .....	\$ 6.50	\$ 4.53	\$0.10
4th Quarter ended April 30, 2009 .....	\$ 7.00	\$ 4.94	\$0.10
<b>2010</b>			
1st Quarter ended July 31, 2009 .....	<b>\$ 8.17</b>	<b>\$6.55</b>	<b>\$0.10</b>
2nd Quarter ended October 31, 2009 .....	<b>\$ 8.35</b>	<b>\$6.69</b>	<b>\$0.06</b>
3rd Quarter ended January 31, 2010 .....	<b>\$ 7.18</b>	<b>\$5.79</b>	<b>\$0.06</b>
4th Quarter ended April 30, 2010 .....	<b>\$ 8.10</b>	<b>\$6.25</b>	<b>\$0.06</b>

The Company may not declare or pay dividends on its capital stock if the effect would cause its capital to be reduced below regulatory requirements or otherwise violate applicable regulatory requirements. As of July 13, 2010, the Company had approximately 260 shareholders of record of 2,085,437 outstanding shares of common stock. This does not reflect the number of persons or entities who hold their common stock in nominee or "street" name through various brokerage firms.

**DIRECTORS****E. Bradford Buttner**

Senior Vice President—Investments  
Jannet Montgomery Scott LLC

**Paul R. Callan**

Attorney

**Charles N. Decas**

Retired Clerk Magistrate  
Falmouth District Court

**M. Sandra Fleet**

Admissions and Marketing Representative  
Tremont Rehabilitation and  
Skilled Care Center

**William H. Fuller**

President  
Professional Bartending Services

**William C. MacLeod**

Retired President and CEO  
Mayflower Bank

**Diane A. Maddigan**

Accountant  
Maddigan Tax Service

**Joseph B. Monteiro**

Retired Postmaster  
Buzzards Bay, MA

**Edward M. Pratt**

President and CEO  
Mayflower Bank

**David R. Smith, Jr.**

Retired President  
Lawrence Ready Mixed  
Concrete Corporation

**Geoffrey T. Stewart**

Administrator  
Newfield House

**OFFICERS****Edward M. Pratt**

President and Chief Executive Officer

**Maria Vafiades**

Vice President and Chief Financial Officer

**John J. Biggio**

Vice President and Senior Loan Officer

**Stergios M. Kostas**

Vice President—Retail Banking

**Matthew L. Shaw**

Vice President—Information Technology

**Clorinda A. Dunphy**

Assistant Vice President and  
Human Resource Officer

**Karen Gallipoli**

Assistant Vice President and  
Residential Lending Officer

**Timothy M. Coe**

Assistant Vice President

**Patrick J. Gaughan**

Assistant Vice President

**Stephen N. Sooy**

Assistant Vice President

**Heather Johnson**

Assistant Vice President and  
Deposit Operations Manager

**Laura A. Hermanson**

Assistant Treasurer and  
Consumer Loan Officer

**Molly R. Garcia**

Assistant Vice President and  
Branch Manager

**Robin G. Martin**

Assistant Vice President and  
Branch Manager

**Christine Amaral**

Assistant Treasurer and Branch Manager

**Sonia Gallo**

Assistant Treasurer and Branch Manager

**Kimberly Kelsch**

Assistant Treasurer and Branch Manager

**Elizabeth Mazzone**

Assistant Treasurer and Branch Manager

**INDEPENDENT AUDITOR**

Parent, McLaughlin & Nangle  
Certified Public Accountants, Inc.  
160 Federal Street  
Boston, MA 02110

**CORPORATE COUNSEL**

Kilpatrick Stockton LLP  
607 14th Street, NW, Suite 900  
Washington, DC 20005

**STOCK LISTING**

Mayflower Bancorp, Inc. is traded  
over-the-counter on the Nasdaq  
National Market under the symbol  
“MFLR”.

**TRANSFER AGENT**

American Stock Transfer and  
Trust Company  
Shareholder Services Division  
59 Maiden Lane  
New York, NY 10038

**FOR STOCKHOLDER INFORMATION CONTACT**

Jean Michael  
Mayflower Bancorp, Inc.  
P.O. Box 311  
Middleboro, MA 02346  
(508) 947-4343

**ANNUAL MEETING**

An Annual Meeting of Stockholders  
will be held at 10:00 a.m. on Tuesday,  
August 24, 2010 at the Fireside Grille  
Restaurant, Route 18, Middleboro,  
Massachusetts.

**FORM 10-K ANNUAL REPORT**

A copy of the Company's Annual  
Report on Form 10-K as filed with the  
SEC is available to the Company's  
stockholders upon written request to:  
Stockholder Relations, Mayflower  
Bancorp, Inc., P.O. Box 311,  
Middleboro, MA 02346.

**MEMBER FDIC****MEMBER SIF****ALL DEPOSITS INSURED IN FULL**



# Mayflower Bancorp, Inc.

**MAIN OFFICE:**

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(508) 947-4343

**BRIDGEWATER OFFICE:**

5 Scotland Boulevard, Bridgewater, MA 02324  
(508) 697-9602

**LAKEVILLE OFFICE:**

166 County Street, Lakeville, MA 02347  
(508) 923-3415

**PLYMOUTH OFFICES:**

94 Court Street, Plymouth, MA 02360  
(508) 746-8515

57 Obery Street, Plymouth, MA 02360  
(508) 746-8736

**ROCHESTER OFFICE:**

565 Rounseville Road, Rochester, MA 02770  
(508) 763-9500

**WAREHAM OFFICES:**

396 Onset Avenue, Wareham, MA 02538  
(508) 295-2110

2420 Cranberry Highway, Wareham, MA 02571  
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**TELEPHONE BANKING:**

(800) 946-1160

**WEBSITE:**

[www.mayflowerbank.com](http://www.mayflowerbank.com)