

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2014 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>ANDOVER BANK EMPLOYEES STOCK PURCHASE PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1987</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/1987</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/1987</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>ANDOVER BANK</u> <u>PO BOX 1300</u> <u>600 EAST MAIN STREET</u> <u>ANDOVER, OH 44003-1300</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>34-1436056</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>440-293-7605</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>522110</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>34-1436056</u>	2c Plan Sponsor's telephone number <u>440-293-7605</u>	2d Business code (see instructions) <u>522110</u>	
2b Employer Identification Number (EIN) <u>34-1436056</u>					
2c Plan Sponsor's telephone number <u>440-293-7605</u>					
2d Business code (see instructions) <u>522110</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2015	NANCY COOK
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor ANDOVER BANK PO BOX 1300 600 EAST MAIN STREET ANDOVER, OH 44003-1300	3b Administrator's EIN 34-1436056 3c Administrator's telephone number 440-293-7605
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 131
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 105
a(2) Total number of active participants at the end of the plan year	6a(2) 91
b Retired or separated participants receiving benefits	6b 10
c Other retired or separated participants entitled to future benefits.....	6c 26
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 127
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 127
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 127
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 15
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2H 2J 2K 2P 2T	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>ANDOVER BANK EMPLOYEES STOCK PURCHASE PLAN</u>	B Three-digit plan number (PN) <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ANDOVER BANK</u>	D Employer Identification Number (EIN) <u>34-1436056</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
<u>RELIANCE TRUST COMPANY</u>	<u>1100 ABERNATHY ROAD</u> <u>500 NORTHPARK BUILDING, SUITE 400</u> <u>ATLANTA, GA 30328</u>
<u>58-1428634</u>	

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

AMERICAN PENSION BENEFITS

115 VIP DRIVE, SUITE 120
WEXFORD, PA 15090

25-1722805

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	8436	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
AMERICAN PENSION BENEFITS	63 60 64 59 55	8300
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MID ATLANTIC TRUST COMPANY 27-3169253 1251 WATERFRONT PLACE PITTSBURGH, PA 15222	12B-1 FEES, SHAREHOLDER SERVICES FEES/SUB T/A, COMMISSIONS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>ANDOVER BANK EMPLOYEES STOCK PURCHASE PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>ANDOVER BANK</u>	D Employer Identification Number (EIN) <u>34-1436056</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: METLIFE GAC SERIES 25053

b Name of sponsor of entity listed in (a): RELIANCE TRUST COMPANY

c EIN-PN <u>46-6625485-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>295722</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>ANDOVER BANK EMPLOYEES STOCK PURCHASE PLAN</u>		B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ANDOVER BANK</u>		D Employer Identification Number (EIN) <u>34-1436056</u>

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	890	0
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)	68240	79318
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	390204	406898
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	115648	121234
(9) Value of interest in common/collective trusts	1c(9)	340091	295722
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	1508629	1716553
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	4145295	5172885
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	6568997	7792610

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	359191	536176
k Total liabilities (add all amounts in lines 1g through 1j)	1k	359191	536176

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	6209806	7256434
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	183235	
(B) Participants	2a(1)(B)	222836	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		406071

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	773	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	5049	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		5822

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	157486	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	32409	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		189895

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	494298	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		494298

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		4958
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		73995
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1175039

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	128411	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		128411
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		128411

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		1046628
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: COHEN & COMPANY, CPAS

(2) EIN: 34-1912961

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

- a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....
- b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
4d			
e Was this plan covered by a fidelity bond?	X		1000000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>ANDOVER BANK EMPLOYEES STOCK PURCHASE PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ANDOVER BANK</u>	D Employer Identification Number (EIN) <u>34-1436056</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>27-3169253</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☒ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☒ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?.....	☒ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: 0.0% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

ANDOVER BANK
EMPLOYEE STOCK PURCHASE PLAN

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2014 AND 2013



ANDOVER BANK
EMPLOYEE STOCK PURCHASE PLAN
DECEMBER 31, 2014 AND 2013

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TRUSTEES
ANDOVER BANK
EMPLOYEE STOCK PURCHASE PLAN

Independent Auditors' Report

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Andover Bank Employee Stock Purchase Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 2014 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2014 financial statements.

Basis for Disclaimer of Opinion on the 2014 Financial Statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Mid Atlantic Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the 2014 financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the year ended December 31, 2014, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion on the 2014 Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the 2014 Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2014 financial statements. Accordingly, we do not express an opinion on the 2014 financial statements.

Other Matters – Report on Supplemental Schedules and Report on 2013 Financial Statements

The supplemental schedule of assets held at end of year as of December 31, 2014, is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the 2014 Financial Statements paragraph, we do not express an opinion on the supplemental schedule referred to above.

We have audited the accompanying statement of net assets available for benefits of the Plan as of December 31, 2013, and in our report dated October 14, 2014, we expressed our opinion that such financial statement presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Report on Form and Content in Compliance with DOL Rules and Regulations for 2014 Financial Statements

The form and content of the information included in the 2014 financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Cohen & Company Ltd.

October 9, 2015
Cleveland, Ohio

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2014 AND 2013

	2014				2013			
	Participant-Directed Investments	Company Stock		Total	Participant-Directed Investments	Company Stock		Total
		Allocated	Unallocated			Allocated	Unallocated	
ASSETS								
CASH		\$ 69,237	\$ 337,661	\$ 406,898		\$ 56,381	\$ 333,823	\$ 390,204
INVESTMENTS - AT FAIR VALUE	\$ 1,716,553	4,581,880	591,005	6,889,438	\$ 1,508,629	3,772,322	372,973	5,653,924
INVESTMENT - AT CONTRACT VALUE	295,722			295,722	340,091			340,091
RECEIVABLES								
Employer contribution					890			890
Notes receivable from participants	121,234			121,234	115,648			115,648
Dividends		70,255	9,063	79,318		62,100	6,140	68,240
	121,234	70,255	9,063	200,552	116,538	62,100	6,140	184,778
	2,133,509	4,721,372	937,729	7,792,610	1,965,258	3,890,803	712,936	6,568,997
LIABILITIES AND NET ASSETS								
PAYABLES								
Other							3,728	3,728
Notes			536,176	536,176			355,463	355,463
			536,176	536,176			359,191	359,191
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,133,509	\$ 4,721,372	\$ 401,553	\$ 7,256,434	\$ 1,965,258	\$ 3,890,803	\$ 353,745	\$ 6,209,806

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2014

	Participant-Directed Investments	Company Stock		Total
		Allocated	Unallocated	
ADDITIONS TO NET ASSETS				
ATTRIBUTABLE TO:				
Investment income:				
Dividends and interest	\$ 37,458	\$ 139,493	\$ 18,766	\$ 195,717
Net appreciation in fair value of investments	78,953	437,824	56,474	573,251
	<u>116,411</u>	<u>577,317</u>	<u>75,240</u>	<u>768,968</u>
Contributions:				
Employer	63,373		119,862	183,235
Participants	161,225		61,611	222,836
	<u>224,598</u>		<u>181,473</u>	<u>406,071</u>
Transfer of forfeitures to suspense account	8,396			8,396
Transfer of cash from suspense to allocated and unallocated		1,753	80,378	82,131
Transfer of dividends for loan payments			85,841	85,841
Allocation of 18,328 shares of Company stock, at fair value		375,124		375,124
	<u>8,396</u>	<u>376,877</u>	<u>166,219</u>	<u>551,492</u>
Total additions	<u>349,405</u>	<u>954,194</u>	<u>422,932</u>	<u>1,726,531</u>
DEDUCTIONS FROM NET ASSETS				
ATTRIBUTABLE TO:				
Benefits paid to participants	99,023	29,388		128,411
Transfer of forfeitures to suspense account		8,396		8,396
Transfer of cash from suspense to allocated and unallocated	82,131			82,131
Transfer of dividends for loan payments		85,841		85,841
Allocation of 18,328 shares of Company stock, at fair value			375,124	375,124
	<u>181,154</u>	<u>123,625</u>	<u>375,124</u>	<u>679,903</u>
Total deductions				
NET INCREASE FOR THE YEAR	168,251	830,569	47,808	1,046,628
NET ASSETS AVAILABLE FOR BENEFITS:				
Beginning of year	<u>1,965,258</u>	<u>3,890,803</u>	<u>353,745</u>	<u>6,209,806</u>
End of year	<u>\$ 2,133,509</u>	<u>\$ 4,721,372</u>	<u>\$ 401,553</u>	<u>\$ 7,256,434</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Andover Bank (Company) Employee Stock Purchase Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Company established the Plan as a leveraged employee stock ownership plan (ESOP) with 401(k) provisions. The Plan is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 (Code), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Company is a subsidiary of Andover Bancorp, Inc.

The Plan purchased Andover Bancorp, Inc. common stock (Company Stock) using the proceeds of borrowings (Note 9) and holds the Company Stock in a trust established under the Plan. Additional borrowings have been made to pay benefits. The borrowings are to be repaid over a period of five to ten years by Company contributions. As the Plan makes each principal payment, an appropriate percentage of Company Stock will be allocated to eligible participants' accounts in accordance with applicable regulations under the Code.

The borrowings are collateralized by the unallocated shares of Company Stock. The lender has no rights against shares once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2014 and 2013, and for the year ended December 31, 2014 present separately the assets and liabilities and changes therein pertaining to:

- a) the accounts of participants with vested rights in allocated Company Stock (Allocated) and
- b) Company Stock not yet allocated to participants (Unallocated)

Eligibility

The Plan covers all employees of the Company who have one hour of service and are at least age 20½ as of January 1st or July 1st in the year following meeting the age and service requirements (the Plan entry dates).

Notes Receivable from Participants

The Plan allows participants to borrow money within certain limits from their individual accounts. The loans are restricted to assets attributable to the 401(k) component of the participant's account. Such loans bear interest at a reasonable rate commensurate with current interest rates charged for loans made under similar circumstances by persons in the business of lending money. Principal and interest are paid ratably through payroll deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN (Continued)

Contributions

Participants may contribute to the Plan up to 100% of their pre-tax annual compensation, as defined in the Plan, subject to the maximum permitted by the Internal Revenue Service (IRS). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). The Company may, at its discretion, make matching contributions. Matching contributions equal to 100% on the first 6% of compensation that a participant contributed to the Plan were made for the year ended December 31, 2014. The Company contributes a fully vested discretionary contribution of 3% of compensation ("Safe Harbor Contribution") to all eligible participants. Matching contributions are invested in Company Stock and the Safe Harbor Contributions are made to the Company Stock and other investment accounts as directed by the participant. Contributions are subject to certain IRS limitations.

The Company is obligated to make contributions to the Plan which, when aggregated with the Plan's dividend and interest earnings, equal the amount necessary to make its regularly scheduled payments of principal and interest due on its notes payable. In addition, the Company may make additional discretionary employer contributions to the Plan.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company Stock into investments which are more diversified. Participants who are at least age 55 with at least ten years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Early diversification is offered to participants reaching age 40 with ten years of participation, allowing them to diversify a maximum of 10% of shares per year up to a maximum of 50% of their account.

Participant Accounts

The Plan is a defined-contribution plan under which a separate account is established for each participant. Each participant's account is credited with the participant's contribution, rollover contributions, allocations of the Company's contributions, if eligible, and Plan earnings or losses as defined by the Plan agreement. Each participant's account is credited with an allocation of shares of the Company Stock released from the unallocated account upon each loan payment. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Each participant directs the investment of their account to any of the investment options available under the Plan in accordance with the diversification requirements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN (Continued)

Vesting

Participants are immediately vested in employee contributions, the employer Safe Harbor Contribution, and actual earnings thereon. Vesting in the remainder of the account balance of each participant is based on years of continuous service. A participant is 100 percent vested after six years of credited service.

Forfeitures

Forfeitures of non-vested balances are temporarily held in a suspense account within the Plan. Forfeitures may be used to reduce employer matching contributions and Plan expenses or be reallocated to eligible participants, as defined, based on participants' wages. The balance in the suspense account was \$4,069 and \$10,524 at December 31, 2014 and 2013, respectively. During 2014, \$8,396 of forfeitures were transferred to the suspense account and \$14,909 was used to reduce employer matching contributions.

Payment of Benefits

Upon termination of service, the participant may elect to receive his or her vested account balance as a lump-sum distribution. If the participant's account balance is between \$1,000 and \$5,000, the Plan may make an automatic rollover of the participant's vested interest in his or her account to a qualified individual retirement account, if the participant does not make an election. If the participant's account balance is less than \$1,000, the Plan may make an automatic lump-sum distribution to the participant equal to the participant's vested interest in his or her account. If the participant's balance is over \$5,000, the participant may elect the distribution to be paid in installments over five years. A participant is entitled to 100% of his or her account balance upon retirement, death, or disability. Distributions are made in cash or, if a participant elects, in Company Stock. Company Stock (that has been distributed) cannot be resold unless it is first offered to the Company or the Plan. Distributions of participants' vested interest may be authorized, at any time, by the plan administrator under certain hardship conditions.

Put Option

Under federal income tax regulations, the Company Stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current value of the Company Stock. The put option permits the participant to sell Company Stock to the Company at any time during two option periods at the then fair market value as of the last valuation date, as specified in the Plan agreement. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN (Continued)

Voting Rights

The Trustees, at the direction of the advisory committee, vote on behalf of the Company Stock held in the Plan and are required to vote on behalf of the collective best interest of Plan participants and beneficiaries. Plan participants may vote directly on issues related to the sale or liquidation of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of ASU 2015-12

The Plan has elected to early adopt Financial Accounting Standards Board ASU 2015-12 for 2014. As such, the Plan has changed the presentation and disclosure of fully benefit-responsive investment contracts to contract value and has eliminated certain disclosures related to investments. The statement of net assets available for benefits and certain related disclosures at December 31, 2013, have been retroactively adjusted to conform to the new standard.

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amount of net assets available for benefits and changes therein and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The current method of valuation of investments in Company Stock considers certain assumptions including the Company's current and historical operating performance. These factors are subject to change over time and are reviewed periodically. Further, because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the Company Stock existed, and the differences could be material.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

Investments are reported at fair value by Mid Atlantic Trust Company (Mid Atlantic) the custodian of the Plan (except for the fully benefit-responsive investment contract, which is reported at contract value). Fair value 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. The Trustees determine the Plan's valuation policies utilizing information provided by its investment advisors, custodian, and appraiser. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Assets of the Plan are held in separate accounts of a trust administered by Mid Atlantic as of December 31, 2014 and 2013, representing investments in mutual funds and a common/collective trust fund. Company Stock is held by its transfer agent.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balances plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are expensed when they are incurred. No allowance for credit losses has been recorded at December 31, 2014 and 2013. If a participant ceases to make loan repayments and the plan administrator deems that participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Plan Expenses

All Plan administrative costs are paid by either the Plan or the Company as provided by the Plan agreement. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account. Investment related expenses are included in net appreciation in fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Income Taxes

The Plan recognizes and discloses uncertain tax positions in accordance with GAAP. As of December 31, 2014 and 2013, and for the year ended December 31, 2014, the Plan did not have a liability for unrecognized tax benefits. The Plan is no longer subject to examination by federal and state taxing authorities prior to 2011.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Plan management has evaluated subsequent events through October 9, 2015, the date the financial statements were available to be issued.

3. INFORMATION CERTIFIED BY CUSTODIAN

In accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator has elected to restrict the scope of the auditor's examination with regard to statements or information prepared and certified by Mid Atlantic, the custodian.

The following information included in the accompanying financial statements and supplemental schedule as of and for the year ended December 31, 2014, was obtained from data that has been prepared and certified as complete and accurate by Mid Atlantic:

Investments	
Mutual funds	\$ 1,716,553
Common/collective trust	\$ 295,722
Dividends and interest	\$ 32,409
Net appreciation in fair value of investments	\$ 78,953

4. INVESTMENTS

The fair value of the Company Stock is determined semi-annually as of June 30 and December 31 by an independent third-party appraiser. The stock held as a Plan asset is valued using the most recent valuation approved by the Company's Board of Directors. As of December 31, 2014 and 2013, the Plan owned approximately 9.3% and 8.3% of the outstanding stock of Andover Bancorp, Inc., respectively.

Investment in Andover Bancorp, Inc. common stock was as follows:

	<u>December 31, 2014</u>	
	<u>Allocated</u>	<u>Unallocated</u>
203,639 and 26,267 shares, respectively, at estimated fair value	<u>\$ 4,581,880</u>	<u>\$ 591,005</u>
	<u>December 31, 2013</u>	
	<u>Allocated</u>	<u>Unallocated</u>
185,372 and 18,328 shares, respectively, at estimated fair value	<u>\$ 3,772,322</u>	<u>\$ 372,973</u>

Investment Contract with Financial Institution

As of December 31, 2014 and 2013, the Plan invested in the Reliance Trust Company Stable Value Fund, which is a common/collective trust fund with Reliance Trust Company that is a fully-benefit responsive investment contract.

NOTES TO THE FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access
- Level 2 Other significant observable inputs including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 Inputs are significant and unobservable (including the Plan's own assumptions used to determine value)

The assets' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies utilized at December 31, 2014 and 2013.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Sponsor company common stock: Valued at fair value based upon an independent third-party appraisal. This appraisal was based on a combination of the price to earnings method and price to book value method consistent with prior years. The appraiser took into account historical and projected earnings and book value and comparable bank ratios.

Plan management accumulates the data for the appraiser from the audited financial statements of the Company. The appraiser prepares a preliminary report which Plan management, along with the Board of Directors of the Company, reviews in detail, discusses and approves.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value by level, within the fair value hierarchy, are comprised of the following at December 31, 2014:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,716,553		
Sponsor company common stock			\$ 5,172,885
	<u>\$ 1,716,553</u>	<u>\$ -</u>	<u>\$ 5,172,885</u>

Assets measured at fair value by level, within the fair value hierarchy, are comprised of the following at December 31, 2013:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,508,629		
Sponsor company common stock			\$ 4,145,295
	<u>\$ 1,508,629</u>	<u>\$ -</u>	<u>\$ 4,145,295</u>

Following is a reconciliation of activity for 2014 for the sponsor company common stock measured at fair value based on significant unobservable (non-market) information (Level 3):

<u>Sponsor Company Common Stock</u>	
Balance, beginning of year	\$ 4,145,295
Purchases	533,292
Unrealized gains	494,298
Balance, end of year	<u>\$ 5,172,885</u>

There were no transfers between levels during 2014.

6. PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of Andover Bancorp, Inc. common stock. Andover Bancorp, Inc. is the parent company of Andover Bank, which is the Plan sponsor. Notes payable are owed to Andover Bancorp, Inc. These are related party and party-in-interest transactions.

For 2014, American Pension Benefits (APB) provides certain administrative services to the Plan pursuant to a Master Plan Services Agreement (MSA) between the Company and APB. APB receives revenue from mutual fund and collective trust fund service providers for services APB provides to the funds. This revenue is used to offset certain amounts owed to APB for its administrative services to the Plan.

If the revenue received by APB from such mutual fund or collective trust fund service providers exceeds the amount owed under the MSA, APB remits the excess to the Plan's trust on a quarterly basis. Such amounts may be applied to pay Plan administrative expenses or allocated to the accounts of the participants. During 2014 there were no excess amounts. The Plan or the Company may make a payment to APB for administrative expenses not covered by revenue sharing.

NOTES TO THE FINANCIAL STATEMENTS

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right, under the Plan, to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts. Upon such termination of the Plan, each participant's account will be distributed at such time as described in the Plan agreement. Also, upon termination, all liabilities and expenses of the Plan will be paid and all shares of financed stock held by the Plan will be sold back to the Company, to the extent deemed necessary in order to repay outstanding notes payable.

8. TAX STATUS

The Plan has received a determination letter from the IRS dated September 23, 2013, stating that the Plan is qualified under Section 401(a) of the Code. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and that the Plan and the related trust were tax exempt as of the financial statement date.

9. NOTES PAYABLE

The Plan has term loan agreements with Andover Bancorp, Inc. bearing interest at the federal applicable rate (1.28% - 2014; 1.57% - 2013). Payments are due through June 2024. The principal balance of the loans amounted to \$536,176 and \$355,463 at December 31, 2014 and 2013, respectively. Interest due for 2014 of approximately \$5,700, was forgiven by Andover Bancorp, Inc. The unallocated outstanding common stock owned by the Plan is collateral for the loans.

The maturity of the notes payable is as follows:

2015	\$ 57,233
2016	57,233
2017	57,233
2018	57,233
2019	57,234
Thereafter	<u>250,010</u>
	<u>\$ 536,176</u>

In accordance with the Plan agreement and loan agreements, contributions made or allocated to Company Stock as well as dividends paid on unallocated shares are to be used to pay down debt in the subsequent year. Any amounts in excess of the required payments are to be applied to the oldest loans first. Expected repayments in 2015 are approximately \$407,000.

NOTES TO THE FINANCIAL STATEMENTS

9. NOTES PAYABLE (Continued)

The investment in unallocated Company Stock is restricted to the extent that it is security for the notes payable. Shares of the unallocated Company Stock become available for allocation to participants based on a ratio of principal paid in the Plan year to the total principal to be paid on the notes.

During 2014, repayments were \$355,463 and additional loans of \$536,176 were taken.

Subsequent to December 31, 2014, the Plan borrowed an additional \$545,000 for the purchase of stock, to be repaid over ten years.

10. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' balances and the amounts reported in the statement of net assets available for benefits.

11. SUBSEQUENT EVENT

Subsequent to the year end, the Company merged into another bank and the Plan was amended for the employees of the merged bank to become participants in the Plan effective November 1, 2015.

ANDOVER BANK EMPLOYEE STOCK PURCHASE PLAN

FORM 5500

EIN: 34-1436056

PLAN NUMBER: 002

PLAN SPONSOR: ANDOVER BANK

SCHEDULE H, PART IV, LINE 4i-

SCHEDULE OF ASSETS HELD AT END OF YEAR

DECEMBER 31, 2014

(a)	(b)	(c)	(d)	(e)
	Identity of Issue	Description of Investment	Cost	Current Value
	Reliance Trust Company Stable Value Fund	Collective Investment Trust MetLife GAC Series	**	\$ 295,722
	American Century Investment Heritage Investor Fund	Mutual Fund	**	28,184
	American Funds EuroPacific Growth R4 Fund	Mutual Fund	**	103,118
	American Funds New Perspective R4 Fund	Mutual Fund	**	38,080
	Dreyfus Small Cap Stock Index Fund	Mutual Fund	**	57,808
	Fidelity Low-Priced Stock Fund	Mutual Fund	**	44,186
	Janus Flexible Bond Fund	Mutual Fund	**	73,817
	JP Morgan Small Cap Value Fund	Mutual Fund	**	31,768
	JP Morgan Smart Retirement 2015 R2 Fund	Mutual Fund	**	12,181
	JP Morgan Smart Retirement 2020 R2 Fund	Mutual Fund	**	323,719
	JP Morgan Smart Retirement 2025 R2 Fund	Mutual Fund	**	173,073
	JP Morgan Smart Retirement 2030 R2 Fund	Mutual Fund	**	121,793
	JP Morgan Smart Retirement 2035 R2 Fund	Mutual Fund	**	56,494
	JP Morgan Smart Retirement 2040 R2 Fund	Mutual Fund	**	15,734
	JP Morgan Smart Retirement 2045 R2 Fund	Mutual Fund	**	74,045
	JP Morgan Smart Retirement 2050 R2 Fund	Mutual Fund	**	106,238
	JP Morgan Smart Retirement Income R2 Fund	Mutual Fund	**	26,813
	BMO Small-Cap Growth Fund	Mutual Fund	**	23,825
	Main Stay Large-Cap Growth Fund	Mutual Fund	**	118,732
	MFS Mid-Cap Value R4 Fund	Mutual Fund	**	35,586
	MFS Value R4 Fund	Mutual Fund	**	115,860
	Neuberger Berman Strategic Income Fund	Mutual Fund	**	15,690
	T. Rowe Price Dividend Growth Fund	Mutual Fund	**	81,242
	Vanguard GNMA Investor Fund	Mutual Fund	**	38,567
*	Andover Bancorp, Inc. Common Stock	229,906 Shares of Common Stock	\$298,878	5,172,885
*	Participant loans	Term: Up to 5 years Interest rate: 4.25%	\$0	121,234
				<u>\$ 7,306,394</u>

* A party-in-interest as defined by ERISA.

** Cost omitted for participant-directed investments.

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PLAN NUMBER: 002

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