

PRUDENTIAL BANCORP INC OF PENNSYLVANIA

Form 10-Q

February 14, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-51214

Prudential Bancorp, Inc. of Pennsylvania

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania

68-0593604

(State or Other Jurisdiction of Incorporation or
Organization)

(I.R.S. Employer Identification
No.)

1834 Oregon Avenue

19145

Philadelphia, Pennsylvania

Zip Code

(Address of Principal Executive Offices)

(215) 755-1500

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☐ Yes ☐ No

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

Large accelerated filer ☐

Accelerated filer ☐

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Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date: as of February 1, 2011, 10,023,495 shares were issued and outstanding.

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31, 2010	September 30, 2010
	(Dollars in Thousands)	
ASSETS		
Cash and amounts due from depository institutions	\$3,278	\$3,649
Interest-bearing deposits	47,026	62,875
Total cash and cash equivalents	50,304	66,524
Investment and mortgage-backed securities held to maturity (estimated fair value—December 31, 2010, \$126,822; September 30, 2010, \$116,594)	125,230	112,673
Investment and mortgage-backed securities available for sale (amortized cost—December 31, 2010, \$72,935; September 30, 2010, \$69,891)	74,445	72,425
Loans receivable—net of allowance for loan losses (December 31, 2010, \$3,731; September 30, 2010, \$3,151)	252,719	255,091
Accrued interest receivable	2,751	2,669
Real estate owned	2,034	3,197
Federal Home Loan Bank stock—at cost	3,368	3,545
Office properties and equipment—net	2,011	2,069
Bank owned life insurance	6,040	5,990
Prepaid expenses and other assets	2,919	3,135
Deferred tax asset-net	1,800	1,762
TOTAL ASSETS	\$523,621	\$529,080
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$2,976	\$2,570
Interest-bearing	461,058	461,885
Total deposits	464,034	464,455
Advances from Federal Home Loan Bank	604	615
Accrued interest payable	89	3,361
Advances from borrowers for taxes and insurance	1,765	1,115
Accounts payable and accrued expenses	686	2,033
Accrued dividend payable	501	502
Total liabilities	467,679	472,081

COMMITMENTS AND CONTINGENCIES (Note 8)

STOCKHOLDERS' EQUITY:

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Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 40,000,000 shares authorized, issued 12,563,750; outstanding - 10,031,472 at December 31, 2010 and September 30, 2010	126	126
Additional paid-in capital	53,666	53,528
Unearned ESOP shares	(3,178)	(3,234)
Treasury stock, at cost: 2,532,278 shares at December 31, 2010 and September 30, 2010	(31,576)	(31,576)
Retained earnings	35,907	36,483
Accumulated other comprehensive income	997	1,672
 Total stockholders' equity	 55,942	 56,999
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$523,621	 \$529,080

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2010	2009
	(Dollars in Thousands Except Per Share Amounts)	
INTEREST INCOME:		
Interest on loans	\$ 3,623	\$ 3,751
Interest on mortgage-backed securities	1,065	1,223
Interest and dividends on investments	965	1,492
Total interest income	5,653	6,466
INTEREST EXPENSE:		
Interest on deposits	2,020	2,272
Interest on borrowings	2	217
Total interest expense	2,022	2,489
NET INTEREST INCOME	3,631	3,977
PROVISION FOR LOAN LOSSES	580	135
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,051	3,842
NON-INTEREST INCOME:		
Fees and other service charges	118	125
Total other-than-temporary impairment losses	(127)	(294)
Portion of losses recognized in other comprehensive income, before taxes	32	90
Net impairment losses recognized in earnings	(95)	(204)
Other	111	98
Total non-interest income	134	19
NON-INTEREST EXPENSE:		
Salaries and employee benefits	1,431	1,361
Data processing	119	138
Professional services	77	141
Office occupancy	89	93
Depreciation	88	87

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Payroll taxes	65	67
Director compensation	82	62
Real estate owned expenses	145	20
Federal Deposit Insurance Corporation insurance	265	182
Other	502	402
Total non-interest expense	2,863	2,553
INCOME BEFORE INCOME TAXES	322	1,308
INCOME TAXES:		
Current expense	106	594
Deferred expense	310	28
Total income tax expense	416	622
NET (LOSS) INCOME	\$ (94)	\$ 686
BASIC (LOSS) INCOME PER SHARE	\$ (0.01)	\$ 0.07
DILUTED (LOSS) INCOME PER SHARE	\$ (0.01)	\$ 0.07

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares (Dollars in Thousands except per share amounts)	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Comprehensive Income (Loss)
BALANCE, OCTOBER 1, 2010	\$ 126	\$ 53,528	\$ (3,234)	\$ (31,576)	\$ 36,483	\$ 1,672	\$ 56,999	
Comprehensive loss:								
Net loss					(94)		(94)	(94)
Net unrealized holding loss on available for sale securities arising during the period, net of income tax benefit of \$380						(738)	(738)	(738)
Reclassification adjustment for other than temporary impairment recognized in earnings net of tax of \$32						63	63	63
Comprehensive loss								\$ (769)
Cash dividend declared (\$ 0.05 per share)					(482)		(482)	
Excess tax benefit from stock compensation		39					39	
Stock option expense		55					55	
Recognition and Retention Plan		64					64	

expense

ESOP shares
committed to
be released (5,655
shares)

- (20) 56 - - - 36

BALANCE,

December 31, 2010 \$ 126 \$ 53,666 \$(3,178) \$(31,576) \$35,907 \$ 997 \$ 55,942

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares (Dollars in Thousands except per share amounts)	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Comprehensive Income (Loss)
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BALANCE,

OCTOBER 1, 2009 \$ 126 \$ 52,938 \$(3,457) \$(28,652) \$35,293 \$ (391) \$ 55,857

Comprehensive
income:

Net income 686 686 686

Net unrealized
holding loss on
available for sale
securities arising
during the period,
net of income tax
benefit of \$229 (445) (445) (445)

Reclassification
adjustment for other
than temporary
impairment
recognized in
earnings net of tax
of \$69 135 135 135

Comprehensive
income \$ 376

Cash dividend
declared
(\$ 0.05 per share) (497) (497)

Excess tax benefit
from stock
compensation 37 37

53 53

Stock option
expense

Recognition and
Retention Plan
expense

63

63

ESOP shares
committed to
be released (5,655
shares)

-

-

56

-

-

-

56

BALANCE,

December 31, 2009 \$ 126 \$ 53,091 \$(3,401) \$(28,652) \$35,482 \$ (701) \$ 55,945

See notes to unaudited consolidated financial statements

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31,	
	2010	2009
	(Dollars in Thousands)	
OPERATING ACTIVITIES:		
Net (loss) income	\$(94	) \$686
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Provision for loan losses	580	135
Depreciation	88	87
Net accretion of premiums/discounts	(83	) (81
Net accretion of deferred loan fees and costs	(18	) (13
Impairment charge on investment securities	95	204
Loss on sale of real estate owned	135	-
Share-based compensation expense	158	153
Compensation expense of ESOP	36	56
Income from bank owned life insurance	(50	) (53
Deferred income tax expense	310	28
Excess tax benefit related to stock compensation	(39	) (37
Changes in assets and liabilities which used cash:		
Accrued interest receivable	(82	) 81
Prepaid expenses and other assets	216	(2,611
Accrued interest payable	(3,272	) (2,708
Accounts payable and accrued expenses	(1,347	) (285
Net cash used in operating activities	(3,367	) (4,358
INVESTING ACTIVITIES:		
Purchase of investment and mortgage-backed securities held to maturity	(25,000	) (2,994
Purchase of investment and mortgage-backed securities available for sale	(14,777	) (5,935
Loans originated or acquired	(13,656	) (11,167
Principal collected on loans	15,466	11,300
Principal payments received on investment and mortgage-backed securities:		
held-to-maturity	12,455	15,861
available-for-sale	11,710	2,656
Proceeds from redemption of FHLB stock	177	-
Proceeds from sale of real estate owned	1,028	-
Purchases of equipment	(30	) (61
Net cash (used in) provided by investing activities	(12,627	) 9,660
FINANCING ACTIVITIES:		
Net increase in demand deposits, NOW accounts, and savings accounts	2,690	7,561
Net decrease in certificates of deposit	(3,111	) (18,807
Repayment of advances from Federal Home Loan Bank	(11) -
Borrowings of advances from Federal Home Loan Bank	-	3,989
Increase in advances from borrowers for taxes and insurance	650	596
Excess tax benefit related to stock compensation	39	37
Cash dividend paid	(483) (472

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Net cash used in financing activities	(226)	(7,096)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,220)	(1,794)
CASH AND CASH EQUIVALENTS—Beginning of period	66,524	13,669
CASH AND CASH EQUIVALENTS—End of period	\$50,304	\$11,875
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid on deposits and advances from Federal Home Loan Bank	\$5,294	\$5,197
Income taxes paid	\$550	\$753
SUPPLEMENTAL DISCLOSURES OF NONCASH ITEMS:		
Real estate acquired in settlement of loans	\$-	\$437

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation –The accompanying unaudited consolidated financial statements were prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”) for interim information and therefore do not include all the information or footnotes necessary for a complete presentation of financial condition, results of operations, changes in equity and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”). However, all normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the financial statements have been included. The results for the three months ended December 31, 2010 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2011, or any other period. These financial statements should be read in conjunction with the audited consolidated financial statements of Prudential Bancorp, Inc. of Pennsylvania (the “Company”) and the accompanying notes thereto for the year ended September 30, 2010 included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2010.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The most significant estimates and assumptions in the Company’s consolidated financial statements are recorded in the allowance for loan losses, deferred income taxes, other than temporary impairment, and the fair value measurement for financial instruments. Actual results could differ from those estimates.

Dividend Payable – On December 15, 2010, the Company’s Board of Directors declared a quarterly cash dividend of \$ 0.05 on the common stock of the Company payable on January 28, 2011 to the shareholders of record at the close of business on January 14, 2011 which resulted in a payable of \$501,000 at December 31, 2010. A portion of the cash dividend was payable to Prudential Mutual Holding Company (the “MHC”) due to its ownership of shares of the Company’s common stock and totaled \$374,000.

Employee Stock Ownership Plan – The Company maintains an employee stock ownership plan (“ESOP”) for substantially all of its full-time employees. The ESOP purchased 452,295 shares of the Company’s common stock for an aggregate cost of approximately \$4.5 million in fiscal 2005. Shares of the Company’s common stock purchased by the ESOP are held in a suspense account until released for allocation to participants. Shares are allocated to each eligible participant based on the ratio of each such participant’s compensation, as defined in the ESOP, to the total compensation of all eligible plan participants. As the unearned shares are released from the suspense account, the Company recognizes compensation expense equal to the fair value of the ESOP shares during the periods in which they become committed to be released. To the extent that the fair value of the ESOP shares released differs from the cost of such shares, the difference is charged or credited to equity as additional paid-in capital. As of December 31, 2010, the Company had allocated a total of 130,065 shares from the suspense account to participants. In addition, at such date the total number of shares of Company common stock held by the ESOP was 449,492. For the three months ended December 31, 2010, the Company recognized \$30,000 in compensation expense.

Share-Based Compensation – The Company accounts for stock-based compensation issued to employees, and where appropriate non-employees, with fair value. Under fair value provisions, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the appropriate vesting period

using the straight-line method. The amount of stock-based compensation recognized at any date must at least equal the portion of the grant date fair value of the award that is vested at that date and as a result it may be necessary to recognize the expense using a ratable method. Determining the fair value of stock-based awards at the date of grant requires judgment, including estimating the expected term of the stock options and the expected volatility of the Company's stock. In addition, judgment is required in estimating the amount of stock-based awards that are expected to be forfeited. If actual results differ significantly from these estimates or different key assumptions were used, it could have a material effect on the Company's consolidated financial statements.

Dividends with respect to non-vested share awards are held by the Company's Recognition and Retention Plan ("Plan") Trust (the "Trust") for the benefit of the recipients and are paid out proportionately by the Trust to the recipients of stock awards granted pursuant to the Plan as soon as practicable after the stock awards are earned.

Treasury Stock – Stock held in treasury by the Company is accounted for using the cost method, which treats stock held in treasury as a reduction to total stockholders' equity. The average cost per share of the approximately 2.5 million shares which have been repurchased by the Company was \$12.47 for purchases through December 31, 2010. As of December 31, 2010, the MHC had purchased 568,000 shares at an average cost of \$10.30 per share. The repurchased shares are available for general corporate purposes. As of December 31, 2010, 7,478,062 shares were owned by the MHC, 2,532,278 shares had been purchased by the Company and held as treasury stock which results in 2,553,410 shares owned by public shareholders.

Comprehensive Income (Loss) —The Company presents in the unaudited consolidated statement of changes in stockholders' equity and comprehensive income those amounts arising from transactions and other events which currently are excluded from the statements of operations and are recorded directly to stockholders' equity. For the three months ended December 31, 2010 and 2009, the only components of comprehensive income were net income (loss), unrealized holding gains and losses, net of income tax expense and benefit, on available for sale securities and reclassifications related to realized losses due to other than temporary impairment, net of tax.

FHLB Stock – Federal Home Loan Bank ("FHLB") stock is classified as a restricted equity security because ownership is restricted and there is not an established market for its resale. FHLB stock is carried at cost and is evaluated for impairment when certain conditions warrant further consideration. While the FHLB has recognized losses in recent periods, it is currently not probable that the Company will not realize its cost basis as the FHLB has maintained capital levels in excess of regulatory requirements. Management concluded that no impairment existed as of December 31, 2010.

Recent Accounting Pronouncements – In July 2010, FASB issued ASU No. 2010-20, Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. ASU 2010-20 is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The amendments in ASU 2010-20 encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. The required disclosures have been incorporated in note 4.

In September, 2010, the FASB issued ASU No. 2010-25, Plan Accounting – Defined Contribution Pension Plans. The amendments in this ASU require that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. The amendments in this update are effective for fiscal years ending after December 15, 2010 and are not expected to have a significant impact on the Company's consolidated financial statements.

In October, 2010, the FASB issued No. ASU 2010-26, Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts. This ASU addresses the diversity in practice regarding the interpretation of which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral. The amendments are effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2011 and are not expected to have a significant impact on the Company's consolidated financial statements.

In December, 2010, the FASB issued ASU No. 2010-28, When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts. This ASU modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating an impairment may exist. The qualitative factors are consistent with the existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For public entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. For nonpublic entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities may early adopt the amendments using the effective date for public entities. This ASU is not expected to have a significant impact on the Company's consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, Disclosure of Supplementary Pro Forma Information for Business Combinations. The amendments in this update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this Update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. This ASU is not expected to have a significant impact on the Company's consolidated financial statements.

2. EARNINGS PER SHARE

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding, net of any treasury shares, during the period. Diluted earnings per share is calculated by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding, net of any treasury shares, after consideration of the potential dilutive effect of common stock equivalents ("CSEs"), based upon the treasury stock method using an average market price for the period.

The calculated basic and diluted earnings per share are as follows:

	Quarter Ended December 31,			
	2010		2009	
	Basic	Diluted	Basic	Diluted
	(Dollars in Thousands Except Per Share Data)			
Net (loss) income	\$ (94)	\$ (94)	\$ 686	\$ 686
Weighted average shares outstanding	9,514,031	9,514,031	9,873,428	9,873,428
Effect of common stock equivalents	-	-	-	187,566
Adjusted weighted average shares used in earnings per share computation	\$ 9,514,031	\$ 9,514,031	\$ 9,873,428	\$ 10,060,994
(Loss) income per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ 0.07	\$ 0.07

Due to the net loss recognized for the quarter ended December 31, 2010, the inclusion of any CSEs would decrease the amount of net loss per share for the quarter and be antidilutive. Consequently, basic and diluted weighted average shares outstanding are equal for the quarter ended December 31, 2010. Had net income been recognized for the quarter ended December 31, 2010, there would have been an additional 92,503 shares used in the diluted earnings per share calculation.

3. INVESTMENT AND MORTGAGE-BACKED SECURITIES

The amortized cost and fair value of investment and mortgage-backed securities, with gross unrealized gains and losses, are as follows:

		December 31, 2010			
	Amortized	Gross	Gross		Fair
	Cost	Unrealized	Unrealized		Value
		Gains	Losses		
		(Dollars in Thousands)			
Securities held to maturity:					
U.S. Government agency obligations	\$ 100,703	\$ 783	\$ (1,043)	\$	100,443
Mortgage-backed securities - U.S. Government agencies	24,527	1,852	-		26,379
Total securities held to maturity	\$ 125,230	\$ 2,635	\$ (1,043)	\$	126,822
Securities available for sale:					
U.S. Government agency obligations	\$ 6,998	\$ 91	\$ (69)	\$	7,020
Mortgage-backed securities - U.S. Government agencies	58,427	2,416	(236)		60,607
Mortgage-backed securities - Non-agency	7,502	200	(892)		6,810
Total debt securities	72,927	2,707	(1,197)		74,437
FHLMC preferred stock	8	-	-		8
Total securities available for sale	\$ 72,935	\$ 2,707	\$ (1,197)	\$	74,445
		September 30, 2010			
	Amortized	Gross	Gross		Fair
	Cost	Unrealized	Unrealized		Value
		Gains	Losses		
		(Dollars in Thousands)			
Securities held to maturity:					
U.S. Government agency obligations	\$ 85,983	\$ 1,831	\$ (12)	\$	87,802
Municipal obligations	475	-	-		475
Mortgage-backed securities - U.S. Government agencies	26,215	2,102	-		28,317
Total securities held to maturity	\$ 112,673	\$ 3,933	\$ (12)	\$	116,594
Securities available for sale:					
U.S. Government agency obligations	\$ 9,995	\$ 198	\$ -	\$	10,193
Mortgage-backed securities - U.S. Government agencies	51,821	3,204	-		55,025
Mortgage-backed securities - Non-agency	8,067	178	(1,046)		7,199
Total debt securities	69,883	3,580	(1,046)		72,417

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FHLMC preferred stock	8	-	-	8
Total securities available for sale	\$ 69,891	\$ 3,580	\$ (1,046)	\$ 72,425

The following table shows the gross unrealized losses and related fair values of the Company's investment securities, aggregated by investment category and length of time that individual securities had been in a continuous loss position at December 31, 2010:

Less than 12 months Gross	More than 12 months Gross	Total Gross
------------------------------	------------------------------	----------------