

ESSA Bancorp, Inc.
Form 10-Q
May 10, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2013

OR

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

Commission File No. 001-33384

ESSA Bancorp, Inc.

(Exact name of registrant as specified in its charter)

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Pennsylvania (State or other jurisdiction of incorporation or organization)	20-8023072 (I.R.S. Employer Identification Number)
200 Palmer Street, Stroudsburg, Pennsylvania (Address of Principal Executive Offices)	18360 (Zip Code)
(570) 421-0531 (Registrant's telephone number)	
N/A (Former name or former address, if changed since last report)	

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

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

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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

As of May 6, 2013 there were 12,532,140 shares of the Registrant's common stock, par value \$0.01 per share, outstanding.

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ESSA BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	March 31, 2013	September 30, 2012
	(dollars in thousands)	
Cash and due from banks	\$ 11,006	\$ 11,034
Interest-bearing deposits with other institutions	12,954	4,516
Total cash and cash equivalents	23,960	15,550
Certificates of deposit	1,766	1,266
Investment securities available for sale, at fair value	314,961	329,585
Loans receivable, held for sale		346
Loans receivable (net of allowance for loan losses of \$7,671 and \$7,302)	938,782	950,009
Regulatory stock, at cost	16,262	21,914
Premises and equipment, net	16,017	16,170
Bank-owned life insurance	28,323	27,848
Foreclosed real estate	1,699	2,998
Intangible assets, net	2,957	3,457
Goodwill	8,541	8,541
Deferred income taxes	11,413	11,336
Other assets	21,195	29,766
TOTAL ASSETS	\$ 1,385,876	\$ 1,418,786
LIABILITIES		
Deposits	\$ 1,004,032	\$ 995,634
Short-term borrowings	33,038	43,281
Other borrowings	158,060	191,460
Advances by borrowers for taxes and insurance	9,425	3,432
Other liabilities	9,564	9,568
TOTAL LIABILITIES	1,214,119	1,243,375
STOCKHOLDERS' EQUITY		
Preferred Stock (\$.01 par value; 10,000,000 shares authorized, none issued)		
Common stock (\$.01 par value; 40,000,000 shares authorized, 18,133,095 issued; 12,589,699 and 13,229,908 outstanding at March 31, 2013 and September 30, 2012)	181	181
Additional paid in capital	182,288	181,220
Unallocated common stock held by the Employee Stock Ownership Plan (ESOP)	(10,759)	(10,985)
Retained earnings	68,918	65,181
Treasury stock, at cost; 5,543,396 and 4,903,187 shares outstanding at March 31, 2013 and September 30, 2012, respectively	(69,034)	(61,944)
Accumulated other comprehensive income	163	1,758

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TOTAL STOCKHOLDERS EQUITY	171,757	175,411
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 1,385,876	\$ 1,418,786

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2013	2012	2013	2012
	(dollars in thousands, except per share data)			
INTEREST INCOME				
Loans receivable, including fees	\$ 11,041	\$ 9,145	\$ 23,278	\$ 18,486
Investment securities:				
Taxable	1,558	1,628	3,188	3,266
Exempt from federal income tax	73	55	127	103
Other investment income	18	6	47	8
Total interest income	12,690	10,834	26,640	21,863
INTEREST EXPENSE				
Deposits	1,848	1,836	3,819	3,747
Short-term borrowings	46	6	82	11
Other borrowings	912	2,221	2,136	4,626
Total interest expense	2,806	4,063	6,037	8,384
NET INTEREST INCOME	9,884	6,771	20,603	13,479
Provision for loan losses	850	650	1,850	1,150
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,034	6,121	18,753	12,329
NONINTEREST INCOME				
Service fees on deposit accounts	711	661	1,518	1,388
Services charges and fees on loans	268	200	497	384
Trust and investment fees	196	207	411	422
Gain on sale of investments, net	708	147	738	147
Gain on sale of loans, net	81	8	415	8
Earnings on bank-owned life insurance	248	196	474	394
Insurance commissions	232	195	407	386
Other	14	9	24	18
Total noninterest income	2,458	1,623	4,484	3,147
NONINTEREST EXPENSE				
Compensation and employee benefits	5,068	3,980	9,624	7,916
Occupancy and equipment	1,030	776	1,979	1,532
Professional fees	592	403	904	744
Data processing	805	507	1,468	989

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Advertising	145	67	255	153
Federal Deposit Insurance Corporation (FDIC) premiums	293	167	478	329
Loss (Gain) on foreclosed real estate	(172)	40	(398)	107
Merger related costs		227		376
Amortization of intangible assets	249	81	499	162
Other	780	626	1,486	1,228
Total noninterest expense	8,790	6,874	16,295	13,536
Income before income taxes	2,702	870	6,942	1,940
Income taxes	662	211	2,023	395
NET INCOME	\$ 2,040	\$ 659	\$ 4,919	\$ 1,545
Earnings per share				
Basic	\$ 0.17	\$ 0.06	\$ 0.41	\$ 0.14
Diluted	\$ 0.17	\$ 0.06	\$ 0.41	\$ 0.14
Dividends per share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(dollars in thousands)			
Net income	\$ 2,040	\$ 659	\$ 4,919	\$ 1,545
Other comprehensive loss:				
Investment securities available for sale:				
Unrealized holding loss	(946)	(336)	(1,877)	(2,207)
Tax effect	321	115	638	751
Reclassification of gains recognized in net income	(708)	(147)	(738)	(147)
Tax effect	241	50	251	50
Net of tax amount	(1,092)	(318)	(1,726)	(1,553)
Pension plan adjustment:				
Related to actuarial losses and prior service cost	99	118	196	237
Tax effect	(32)	(40)	(65)	(81)
Net of tax amount	67	78	131	156
Total other comprehensive loss	(1,025)	(240)	(1,595)	(1,397)
Comprehensive income	\$ 1,015	\$ 419	\$ 3,324	\$ 148

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(UNAUDITED)

	Common Stock				Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity
	Number of Shares	Amount	Additional Paid In Capital	Unallocated Common Stock Held by the ESOP (dollars in thousands)				
Balance, September 30, 2012	13,229,908	\$ 181	\$ 181,220	\$ (10,985)	\$ 65,181	\$ (61,944)	\$ 1,758	\$ 175,411
Net income					4,919			4,919
Other comprehensive loss:								
Unrealized loss on securities available for sale, net of income tax benefit of \$327							(1,726)	(1,726)
Change in unrecognized pension cost, net of income taxes of \$33							131	131
Cash dividends declared (\$.05 per share)					(1,182)			(1,182)
Stock based compensation			1,055					1,055
Allocation of ESOP stock			13	226				239
Treasury shares purchased	(640,209)					(7,090)		(7,090)
Balance, March 31, 2013	12,589,699	\$ 181	\$ 182,288	\$ (10,759)	\$ 68,918	\$ (69,034)	\$ 163	\$ 171,757

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	For the Six Months Ended March 31, 2013 2012 (dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 4,919	\$ 1,545
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,850	1,150
Provision for depreciation and amortization.	569	483
Amortization and accretion of discounts and premiums, net	891	812
Net gain on sale of investment securities	(738)	(147)
Gain on sale of loans, net	(415)	(8)
Origination of mortgage loans sold	(18,821)	(1,247)
Proceeds from sale of mortgage loans originated for sale	19,582	1,255
Compensation expense on ESOP	239	234
Stock based compensation	1,055	1,065
Decrease in accrued interest receivable	257	277
Decrease in accrued interest payable	(281)	(79)
Earnings on bank-owned life insurance	(474)	(394)
Deferred federal income taxes	745	392
Decrease in prepaid FDIC premiums	449	298
Increase in accrued pension liability	408	
(Gain) loss on foreclosed real estate, net	(398)	107
Amortization of identifiable intangible assets	499	162
Other, net	2,084	629
 Net cash provided by operating activities	 12,420	 6,534
INVESTING ACTIVITIES		
Purchase of certificates of deposit	(500)	
Investment securities available for sale:		
Proceeds from sale of investment securities	39,189	8,072
Proceeds from principal repayments and maturities	65,070	39,421
Purchases	(92,372)	(82,676)
Increase (decrease) in loans receivable, net	8,689	(4,712)
Redemption of FHLB stock	5,652	1,646
Investment in limited partnership	(110)	(2,619)
Proceeds from sale of foreclosed real estate	2,393	879
Capital improvements to foreclosed real estate	(39)	
Purchase of premises, equipment, and software	(481)	(352)
 Net cash provided by (used for) investing activities	 27,491	 (40,341)
FINANCING ACTIVITIES		
Increase in deposits, net	14,395	37,946
Net increase (decrease) in short-term borrowings	(10,243)	6,000
Proceeds from other borrowings	16,800	1,250

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Repayment of other borrowings	(50,200)	(32,750)
Increase in advances by borrowers for taxes and insurance	5,993	3,828
Purchase of treasury stock shares.	(7,064)	
Dividends on common stock	(1,182)	(1,096)
Net cash (used for) provided by financing activities	(31,501)	15,178
Increase (decrease) in cash and cash equivalents	8,410	(18,629)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,550	41,694
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 23,960	\$ 23,065

SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash Paid:

Interest	\$ 6,317	\$ 8,463
Income taxes	655	200
Noncash items:		
Transfers from loans to foreclosed real estate	\$ 657	\$ 513
Treasury stock payable	26	

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

(unaudited)

1. Nature of Operations and Basis of Presentation

The consolidated financial statements include the accounts of ESSA Bancorp, Inc. (the Company), and its wholly owned subsidiary, ESSA Bank & Trust (the Bank), and the Bank's wholly owned subsidiaries, ESSACOR, Inc.; Pocono Investments Company; ESSA Advisory Services, LLC; Integrated Financial Corporation; Integrated Delaware, Inc. and Integrated Abstract Incorporated, a wholly owned subsidiary of Integrated Financial Corporation. The primary purpose of the Company is to act as a holding company for the Bank. The Company is subject to regulation and supervision as a savings and loan holding company by the Federal Reserve Board. The Bank is a Pennsylvania-chartered savings association located in Stroudsburg, Pennsylvania. The Bank's primary business consists of the taking of deposits and granting of loans to customers generally in Monroe, Northampton and Lehigh counties, Pennsylvania. The Bank is subject to regulation and supervision by the Pennsylvania Banking Department and the Federal Deposit Insurance Corporation. The investment in subsidiary on the parent company's financial statements is carried at the parent company's equity in the underlying net assets.

ESSACOR, Inc. is a Pennsylvania corporation that has been used to purchase properties at tax sales that represent collateral for delinquent loans of the Bank. Pocono Investment Company is a Delaware corporation formed as an investment company subsidiary to hold and manage certain investments, including certain intellectual property. ESSA Advisory Services, LLC is a Pennsylvania limited liability company owned 100 percent by ESSA Bank & Trust. ESSA Advisory Services, LLC is a full-service insurance benefits consulting company offering group services such as health insurance, life insurance, short-term and long-term disability, dental, vision, and 401(k) retirement planning as well as individual health products. Integrated Financial Corporation is a Pennsylvania Corporation that provided investment advisory services to the general public as a former subsidiary of First Star Bank. The Company acquired First Star Bank in a transaction that closed on July 31, 2012. Integrated Financial Corporation is currently inactive. Integrated Delaware, Inc. is a Delaware Investment Corporation and was previously owned by First Star Bank. Integrated Abstract Incorporated is a Pennsylvania Corporation that provides title insurance services. All significant intercompany accounts and transactions have been eliminated in consolidation.

The unaudited consolidated financial statements reflect all adjustments, which in the opinion of management, are necessary for a fair presentation of the results of the interim periods and are of a normal and recurring nature. Operating results for the six month periods ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending September 30, 2013.

2. Earnings per Share

The following table sets forth the composition of the weighted-average common shares (denominator) used in the basic and diluted earnings per share computation for the six month period ended March 31, 2013 and 2012.

	Three Months ended		Six Months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Weighted-average common shares outstanding	18,133,094	16,980,900	18,133,094	16,980,900
Average treasury stock shares	(5,261,181)	(4,871,278)	(5,081,861)	(4,871,278)
Average unearned ESOP shares	(1,069,387)	(1,114,661)	(1,075,107)	(1,120,351)
Average unearned non-vested shares	(38,945)	(154,357)	(43,587)	(160,244)
Weighted average common shares and common stock equivalents used to calculate basic earnings per share	11,763,581	10,840,604	11,932,539	10,829,027

Additional common stock equivalents (non-vested stock) used to calculate diluted earnings per share

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Additional common stock equivalents (stock options) used to calculate diluted earnings per share

Weighted average common shares and common stock equivalents used to calculate diluted earnings per share	11,763,581	10,840,604	11,932,539	10,829,027
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At March 31, 2013 and 2012 there were options to purchase 1,458,379 shares of common stock outstanding at a price of \$12.35 per share that were not included in the computation of diluted EPS because to do so would have been anti-dilutive. At March 31, 2013 and 2012 there were 19,110 and 134,322 shares, respectively, of nonvested stock outstanding at a price of \$12.35 per share that were not included in the computation of diluted EPS because to do so would have been anti-dilutive.

3. Use of Estimates in the Preparation of Financial Statements

The accounting principles followed by the Company and its subsidiaries and the methods of applying these principles conform to U.S. generally accepted accounting principles (GAAP) and to general practice within the banking industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the Consolidated Balance Sheet date and related revenues and expenses for the period. Actual results could differ significantly from those estimates.

4. Recent Accounting Pronouncements:

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*. The amendments in this Update affect all entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement. The requirements amend the disclosure requirements on offsetting in Section 210-20-50. This information will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments in the scope of this Update. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. This ASU is not expected to have a significant impact on the Company's financial statements.

In October, 2012, the FASB issued ASU 2012-06, *Business Combinations (Topic 805) - Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution*. ASU 2012-06 requires that when a reporting entity recognizes an indemnification asset (in accordance with Subtopic 805-20) as a result of a government assisted acquisition of a financial institution and subsequently a change in the cash flows expected to be collected on the indemnification asset occurs (as a result of a change in cash flows expected to be collected on the assets subject to indemnification), the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets). ASU 2012-06 is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2012. Early adoption is permitted. The amendments should be applied prospectively to any new indemnification assets acquired after the date of adoption and to indemnification assets existing as of the date of adoption arising from a government-assisted acquisition of a financial institution. This ASU is not expected to have a significant impact on the Company's financial statements.

In January 2013, the FASB issued ASU 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. The amendments clarify that the scope of Update 2011-11 applies to derivatives accounted for in accordance with Topic 815, *Derivatives and Hedging*, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. An entity is required to apply the amendments for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the required disclosures retrospectively for all comparative periods presented. The effective date is the same as the effective date of Update 2011-11. This ASU is not expected to have a significant impact on the Company's financial statements.

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In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The amendments in this Update require an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2013. Early adoption is permitted. The Company has provided the necessary disclosures in Note 12.

In February 2013, the FASB issued ASU 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*. The objective of the amendments in this Update is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. generally accepted accounting principles (GAAP). Examples of obligations within the scope of this Update include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. U.S. GAAP does not include specific guidance on accounting for such obligations with joint and several liability, which has resulted in diversity in practice. Some entities record the entire amount under the joint and several liability arrangement on the basis of the concept of a liability and the guidance that must be met to extinguish a liability. Other entities record less than the total amount of the obligation, such as an amount allocated, an amount corresponding to the proceeds received, or the portion of the amount the entity agreed to pay among its co-obligors, on the basis of the guidance for contingent liabilities. The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. This ASU is not expected to have a significant impact on the Company's financial statements.

5. Investment Securities

The amortized cost and fair value of investment securities available for sale are summarized as follows (in thousands):

	Amortized Cost	March 31, 2013		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
Available for Sale				
Fannie Mae	\$ 112,229	\$ 2,787	\$ (213)	\$ 114,803
Freddie Mac	49,614	1,325	(87)	50,852
Governmental National Mortgage Association	46,107	726	(39)	46,794
Other mortgage-backed securities	3,490		(2)	3,488
Total mortgage-backed securities	211,440	4,838	(341)	215,937
Obligations of states and political subdivisions	23,791	1,160	(115)	24,836
U.S. government agency securities	53,229	423	(12)	53,640
Corporate obligations	11,143	223	(2)	11,364
Trust-preferred securities	4,897	608		5,505
Other debt securities	1,477	45		1,522
Total debt securities	305,977	7,297	(470)	312,804
Equity securities - financial services	2,191	14	(48)	2,157
Total	\$ 308,168	\$ 7,311	\$ (518)	\$ 314,961

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	Amortized Cost	September 30, 2012		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
Available for Sale				
Fannie Mae	\$ 111,145	\$ 4,652	\$ (3)	\$ 115,794
Freddie Mac	48,913	1,952	(11)	50,854
Governmental National Mortgage Association	43,164	803	(16)	43,951
Other mortgage-backed securities	5,043	162		5,205
Total mortgage-backed securities	208,265	7,569	(30)	215,804
Obligations of states and political subdivisions	18,611	906		19,517
U.S. government agency securities	74,106	379	(1)	74,484
Corporate obligations	8,602	146	(91)	8,657
Trust-preferred securities	5,852	382	(1)	6,233
Other debt securities	1,476	36		1,512
Total debt securities	316,912	9,418	(123)	326,207
Equity securities - financial services	3,267	111		3,378
Total	\$ 320,179	\$ 9,529	\$ (123)	\$ 329,585

The amortized cost and fair value of debt securities at March 31, 2013, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (in thousands):

	Available For Sale	
	Amortized Cost	Fair Value
Due in one year or less	\$ 2,951	\$ 2,985
Due after one year through five years	36,987	37,523
Due after five years through ten years	56,267	57,553
Due after ten years	209,772	214,743
Total	\$ 305,977	\$ 312,804

For the three months ended March 31, 2013, the Company realized gross gains of \$725,000 and gross losses of \$17,000 and proceeds from the sale of investment securities of \$38.1 million. For the six months ended March 31, 2013, the Company realized gross gains of \$756,000 and gross losses of \$18,000 and proceeds from the sale of investment securities of \$39.2 million. For the three and six months ended March 31, 2012, the Company realized gross gains of \$147,000 and proceeds from the sale of investment securities of \$8.1 million.

6. Unrealized Losses on Securities

The following table shows the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position (in thousands):

	Number of Securities	Less than Twelve Months		March 31, 2013		Total	
		Fair Value	Gross Unrealized Losses	Twelve Months or Greater	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fannie Mae	14	\$ 25,365	\$ (210)	\$ 1,233	\$ (3)	\$ 26,598	\$ (213)

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Freddie Mac	5	9,391	(87)			9,391	(87)
Governmental National Mortgage Association	4	8,148	(39)			8,148	(39)
Other mortgage-backed securities	2	2,501	(2)			2,501	(2)
Obligations of states and political subdivisions	4	5,228	(115)			5,228	(115)
U.S. government agency securities	3	7,972	(12)			7,972	(12)
Corporate obligations	2	1,687	(2)			1,687	(2)
Equity securities-financial services	1	2,012	(48)			2,012	(48)
Total	35	\$ 62,304	\$ (515)	\$ 1,233	\$ (3)	\$ 63,537	\$ (518)

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	Number of Securities	Less than Twelve Months		September 30, 2012 Twelve Months or Greater		Total	
		Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fannie Mae	3	\$ 4,083	\$ (3)	\$	\$	\$ 4,083	\$ (3)
Freddie Mac	1	2,002	(11)			2,002	(11)
Governmental National Mortgage Association	5	6,090	(16)			6,090	(16)
U.S. government agency securities	1	999					