PRUDENTIAL BANCORP, INC.
Form 10-Q
August 10, 2015

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 June 30, 2015
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: 000-55084

Prudential Bancorp, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania	**46-2935427**
(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
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 July 31, 2015, there were 8,612,938 shares outstanding.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

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PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30, 2015	**September 30, 2014**
ASSETS	(Dollars in Thousands, Except Per Share Data)	
Cash and amounts due from depository institutions	$1,974	$ 2,025
Interest-bearing deposits	18,331	43,357
Total cash and cash equivalents	20,305	45,382
Investment and mortgage-backed securities available for sale (amortized cost—June 30, 2015, $77,984; September 30, 2014, $59,262)	76,992	57,817
Investment and mortgage-backed securities held to maturity (fair value—June 30, 2015, $69,450; September 30, 2014, $79,092)	70,003	80,840
Loans receivable—net of allowance for loan losses (June 30, 2015, $2,673; September 30, 2014, $2,425)	317,487	321,063
Accrued interest receivable	1,716	1,748
Real estate owned	-	360
Federal Home Loan Bank stock—at cost	369	1,221
Office properties and equipment—net	1,402	1,331
Bank owned life insurance	12,638	12,377
Prepaid expenses and other assets	1,682	2,213
Deferred tax asset—net	1,169	1,131
TOTAL ASSETS	$503,763	$ 525,483
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	$2,177	$ 2,327
Interest-bearing	373,926	388,698
Total deposits	376,103	391,025
Advances from Federal Home Loan Bank	-	340
Accrued interest payable	939	1,486
Advances from borrowers for taxes and insurance	2,802	1,240
Accounts payable and accrued expenses	1,926	1,967
Total liabilities	381,770	396,058
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value, 40,000,000 shares authorized; 9,544,809 issued and 8,849,938 outstanding at June 30, 2015 and 9,544,809 issued and outstanding at September 30, 2014	95	95

Additional paid-in capital	95,130	94,397
Unearned Employee Stock Ownership Plan shares	(5,020)	(5,302)
Treasury stock, at cost: 694,871 shares at June 30, 2015	(8,853)	-
Retained earnings	41,296	41,188
Accumulated other comprehensive loss	(655)	(953)
Total stockholders' equity	121,993	129,425
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 503,763	$ 525,483

See notes to unaudited consolidated financial statements.

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PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
	(Dollars in Thousands, Except Per Share Data)			
INTEREST INCOME:				
Interest and fees on loans	$3,085	$3,184	$9,629	$9,489
Interest on mortgage-backed securities	465	378	1,331	1,054
Interest and dividends on investments	487	553	1,587	1,639
Interest on interest-bearing assets	18	21	52	108
Total interest income	4,055	4,136	12,599	12,290
INTEREST EXPENSE:				
Interest on deposits	851	826	2,623	2,583
Total interest expense	851	826	2,623	2,583
NET INTEREST INCOME	3,204	3,310	9,976	9,707
PROVISION FOR LOAN LOSSES	210	-	585	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,994	3,310	9,391	9,707
NON-INTEREST INCOME:				
Fees and other service charges	87	103	283	289
Gain on sale of loans, net	-	-	138	-
Gain on sale of office properties, net	231	-	2,024	-
Gain on sale of securities available for sale, net	-	-	-	274
Total other-than-temporary impairment losses	-	(1)	-	(16)
Portion of loss recognized in other comprehensive income, before taxes	-	-	-	-
Net impairment losses recognized in earnings	-	(1)	-	(16)
Income from bank owned life insurance	84	75	261	169
Other	43	17	77	52
Total non-interest income	445	194	2,783	768
NON-INTEREST EXPENSE:				
Salaries and employee benefits	2,061	1,578	5,686	4,747
Data processing	97	103	309	323
Professional services	303	196	923	719
Office occupancy	195	122	530	365
Depreciation	84	81	239	244
Payroll taxes	96	85	311	293
Director compensation	107	70	275	241

Deposit insurance	95	54	231	202
Real estate owned expense (recovery)	(2)	87	27	151
Advertising	37	18	140	162
Other	359	362	1,198	1,066
Total non-interest expense	3,432	2,756	9,869	8,513
INCOME BEFORE INCOME TAXES	7	748	2,305	1,962
INCOME TAXES:				
Current (benefit) expense	(45)	321	279	496
Deferred expense (benefit)	5	(94)	(193)	72
Total income tax (benefit) expense	(40)	227	86	568
NET INCOME	$47	$521	$2,219	$1,394
BASIC EARNINGS PER SHARE	$0.01	$0.06	$0.26	$0.15
DILUTED EARNINGS PER SHARE	$0.01	$0.06	$0.26	$0.15
DIVIDENDS PER SHARE	$0.18	$0.03	$0.24	$0.03

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended June 30,		**Nine months ended June 30,**	
	2015	**2014**	**2015**	**2014**
	(Dollars in Thousands)		(Dollars in Thousands)	
Net income	$47	$521	$2,219	$1,394
Unrealized holding (losses) gains on available-for-sale securities	(1,145)	932	452	1,232
Tax effect	389	(317)	(154)	(419)
Reclassification adjustment for net gains realized in net income	-	-	-	(274)
Tax effect	-	-	-	93
Reclassification adjustment for other-than-temporary impairment losses on debt securities	-	1	-	16
Tax effect	-	-	-	(5)
Total other comprehensive (loss) income	(756)	616	298	643
Comprehensive (loss) Income	$(709)	$1,137	$2,517	$2,037

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	(Dollars in Thousands, Except Per Share Data)						
BALANCE, OCTOBER 1, 2014	$95	$ 94,397	$ (5,302)	$ -	$ 41,188	$ (953)	$ 129,425
Net income					2,219		2,219
Other comprehensive income						298	298
Dividends paid ($0.24 per share)					(2,111)		(2,111)
Excess tax benefit from stock compensation plans		118					118
Purchase of treasury stock (694,871 shares)				(8,853)			(8,853)
Stock option expense		241					241
Restricted stock expense		173					173
ESOP shares committed to be released (26,638 shares)		201	282				483
BALANCE, JUNE 30, 2015	$95	$ 95,130	$ (5,020)	$ (8,853)	$ 41,296	$ (655)	$ 121,993

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	(Dollars in Thousands, Except Per Share Data)						
BALANCE, OCTOBER 1, 2013	$118	$ 55,297	$ (2,565)	$ (31,625)	$ 39,979	$ (1,292)	$ 59,912
Net income					1,394		1,394
Other comprehensive income						643	643
Dividends paid ($0.03 per share)					(286)		(286)
Second-step conversion offering	(23)	38,725		31,625			70,327

Excess tax benefit from stock compensation plans		69					69
Stock option expense		116					116
Restricted stock expense		107					107
Purchase of ESOP shares (285,664 shares)			(3,089)				(3,089)
ESOP shares committed to be released (23,155 shares)		5	258				263
BALANCE, JUNE 30, 2014	$95	$ 94,319	$ (5,396)	$ -	$ 41,087	$ (649)	$ 129,456

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended June 30, 2015	2014
	(Dollars in Thousands)	
OPERATING ACTIVITIES:		
Net income	$2,219	$1,394
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	239	244
Net accretion of premiums/discounts	(192)	(264)
Provision for loan losses	585	-
Net amortization of deferred loan fees and costs	187	177
Impairment charge on investment and mortgage-backed securities	-	16
Share-based compensation expense	414	292
Gain from sale of investment and mortgage-backed securities	-	(274)
Income from bank owned life insurance	(261)	(169)
Gain from sale of loans	(138)	-
Originations of loans held for sale	(2,400)	-
Proceeds from sale of loans held for sale	2,538	-
Gain from sale of office properties	(2,024)	-
Compensation expense of ESOP	483	263
Deferred income tax (benefit) expense	(193)	72
Changes in assets and liabilities which used cash:		
Accrued interest receivable	32	(34)
Prepaid expenses and other assets	532	1,114
Accrued interest payable	(547)	(612)
Accounts payable and accrued expenses	(41)	73
Net cash provided by operating activities	1,433	2,292
INVESTING ACTIVITIES:		
Purchase of investment and mortgage-backed securities held to maturity	-	(7,000)
Purchase of investment and mortgage-backed securities available for sale	(22,837)	(17,452)
Loans originated or acquired	(53,139)	(54,178)
Principal collected on loans	55,943	38,756
Principal payments received on investment and mortgage-backed securities:		
Held-to-maturity	10,875	7,142
Available-for-sale	4,268	2,856
Proceeds from redemption of FHLB stock	852	-
Purchase of FHLB Stock	-	(40)
Proceeds from sale of investments and mortgage-backed securities	-	1,321
Purchase of bank owned life insurance	-	(5,000)
Proceeds from sale of real estate owned	360	29
Proceeds from sale of office properties	2,114	-
Purchases of equipment	(400)	(93)
Net cash used in investing activities	(1,964)	(33,659)

FINANCING ACTIVITIES:		
Net decrease in demand deposits, NOW accounts,and savings accounts	(5,738)	(2,382)
Redemption of funds held in escrow relating to second-step conversion	-	(145,675)
Net decrease in certificates of deposit	(9,184)	(17,789)
Increase in advances from borrowers for taxes and insurance	1,562	889
Repayment of advance from the FHLB	(340)	-
Cash dividends paid	(2,111)	(286)
Issuance of common stock relating to second-step conversion	-	38,702
Cancelation of treasury stock	-	31,625
Purchase of stock for ESOP	-	(3,089)
Purchase of treasury stock	(8,853)	-
Excess tax benefit related to stock compensation plans	118	69
Net cash used in financing activities	(24,546)	(97,936)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,077)	(129,303)
CASH AND CASH EQUIVALENTS—Beginning of period	45,382	158,984
CASH AND CASH EQUIVALENTS—End of period	$20,305	$29,681
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid on deposits and advances from Federal Home Loan Bank	$3,170	$3,195
Income taxes paid	$475	$-
SUPPLEMENTAL DISCLOSURES OF NONCASH ITEMS:		
Real estate acquired in settlement of loans	$-	$83

See notes to unaudited consolidated financial statements.

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PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Organization –On October 9, 2013, Prudential Mutual Holding Company ("MHC") and Prudential Bancorp of Pennsylvania, Inc. ("Old Prudential"), the Pennsylvania-chartered mid-tier holding company for Prudential Savings Bank (the "Bank"), completed a reorganization and conversion (the "second-step conversion"), pursuant to which Prudential Bancorp, Inc., a new Pennsylvania corporation ("Prudential" or the "Company"), became the holding company for the Bank and the MHC and Old Prudential ceased to exist. In connection with the second-step conversion, 7,141,602 shares of common stock, par value $0.01 per share, of Prudential were sold in a subscription offering to certain depositors of the Bank for $10 per share or $71.4 million in the aggregate (the "Offering"), and 2,403,207 shares of common stock were issued in exchange for the outstanding shares of common stock of Old Prudential, which were held by the "public" shareholders of Old Prudential. Each share of common stock of Old Prudential was converted into right to receive 0.9442 shares of common stock of the Company in the second-step conversion. As a result of the second-step conversion, the former MHC and Old Prudential were merged into the Company and 2,540,255 (pre-conversion) treasury shares were cancelled.

The Bank is a community-oriented Pennsylvania-chartered savings bank headquartered in South Philadelphia. The banking office network currently consists of the headquarters and main office and six full-service branch offices. Five of the banking offices are located in Philadelphia (Philadelphia County), one is in Drexel Hill, Delaware County, Pennsylvania and the remaining branch is located in Chalfont, Bucks County, Pennsylvania. The Bank maintains ATMs at all seven of the banking offices. The Bank also provides on-line and mobile banking services.

The Bank is subject to regulation by the Pennsylvania Department of Banking and Securities (the "Department"), as its chartering authority and primary regulator, and by the Federal Deposit Insurance Corporation (the "FDIC"), which insures the Bank's deposits up to applicable limits. As a bank holding company, Prudential is subject to the regulation of the Board of Governors of the Federal Reserve System.

Basis of presentation –The accompanying unaudited consolidated financial statements were prepared pursuant to the rules and regulations of the U. S. 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, comprehensive income, 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 and nine months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2015, or any other period. These financial statements should be read in conjunction with the audited consolidated financial statements of Prudential Bancorp, Inc. and the accompanying notes thereto included in the Company's Annual Report on Form 10-K/A for the fiscal year ended September 30, 2014.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in conformity with GAAP 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 expense 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.

Share-Based Compensation – The Company accounts for stock-based compensation issued to employees, and where appropriate, non-employees, at 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 granted pursuant to the Company's 2008 Recognition and Retention Plan ("Plan") and held in the Trust (the "Trust") are held 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. A recipient of a share award granted under the 2014 Stock Incentive Plan will not be entitled to receive any dividends declared on the common stock subject to the award until 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. During the nine month period ended June 30, 2015, the Company repurchased 694,871 shares at an approximate total cost of $8.9 million.

FHLB Stock – 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. Management concluded that the FHLB stock was not impaired at June 30, 2015.

Recent Accounting Pronouncements

In January 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU" or "Update") 2014-01, *Investments – Equity Method and Joint Ventures (Topic 323)*: Accounting for Investments in Qualified Affordable Housing Projects. The amendments in this Update permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The amendments in this Update should be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method to account for its investments in qualified affordable housing projects before the date of adoption may continue to apply the effective yield method for those preexisting investments. The amendments in this Update are effective for public business entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. This ASU is not expected to have a significant impact on the Company's financial statements.

In January 2014, the FASB issued ASU 2014-04, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40):* Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure. The amendments in this Update clarify that an in-substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to requirements of the applicable jurisdiction. The amendments in this Update are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. An entity can elect to adopt the amendments in this Update using either a modified retrospective transition method or a prospective transition method. This ASU did not have a significant impact on the Company’s financial statements.

In May 2014, the FASB issued ASU 2014-09*, Revenue from Contracts with Customers (a new revenue recognition standard).* The Update's core principle is that a company will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, this update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. This Update is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. This ASU is not expected to have a significant impact on the Company's financial statements.

In June 2014, the FASB issued ASU 2014-11*, Transfers and Servicing (Topic 860):* Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The amendments in this Update change the accounting for repurchase-to-maturity transactions to secured borrowing accounting. For repurchase financing arrangements, the amendments require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement. The amendments also require enhanced disclosures. The accounting changes in this Update are effective for the first interim or annual period beginning after December 15, 2014. An entity is required to present changes in accounting for transactions outstanding on the effective date as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. Earlier application is prohibited. The disclosure for certain transactions accounted for as a sale is required to be presented for interim and annual periods beginning after December 15, 2014, and the disclosure for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings is required to be presented for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. The disclosures are not required to be presented for comparative periods before the effective date. This ASU did not have a significant impact on the Company's financial statements.

In June 2014, the FASB issued ASU 2014-12, *Compensation-Stock Compensation (Topic 718):* Accounting for Share-Based Payments when the Terms of an Award Provide that a Performance Target Could Be Achieved After the Requisite Service Period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The amendments in this Update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. Entities may apply the amendments in this Update either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. If retrospective transition is adopted, the cumulative effect of applying this Update as of the beginning of the earliest annual period presented in the financial statements should be recognized as an adjustment to the opening retained earnings balance at that date. Additionally, if retrospective transition is adopted, an entity may use hindsight in measuring and recognizing the compensation cost. This ASU is not expected to have a significant impact on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-14, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40).* The amendments in this Update require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if the following conditions are met: (1) the loan has a government guarantee that is not separable from the loan before foreclosure, (2) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, and (3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The amendments in this Update are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. This ASU is not expected to have a significant impact on the Company’s financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements -Going Concern (Subtopic 205-40).* The amendments in this Update provide guidance in accounting principles generally accepted in the United States of America about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this Update are first effective for the annual period ending after December 15, 2016, and for annual periods and interim periods within such annual periods thereafter. Early application is permitted. This ASU is not expected to have a significant impact on the Company's financial statements.

In November 2014, the FASB issued ASU 2014-16, *Derivatives and Hedging (Topic 815):* Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity (a consensus of the FASB Emerging Issues Task Force). This ASU clarifies how current U.S. GAAP should be interpreted in subjectively evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Public business entities are required to implement the new requirements in fiscal years and interim periods within those fiscal years beginning after December 15, 2015. This ASU is not expected to have a significant impact on the Company's financial statements.

In November 2014, the FASB issued ASU 2014-17, *Business Combinations (Topic 805):* Pushdown Accounting. The amendments in this Update apply to the separate financial statements of an acquired entity and its subsidiaries that are a business or nonprofit activity (either public or nonpublic) upon the occurrence of an event in which an acquirer (an individual or an entity) obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, an acquired entity will have the option to elect to apply pushdown accounting in a subsequent reporting period to the acquired entity's most recent change-in-control event. The amendments in this Update are effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event. This ASU is not expected to have a significant impact on the Company's financial statements.

In January 2015, the FASB issued ASU 2015-01*, Income Statement –Extraordinary and Unusual Items,* as part of its initiative to reduce complexity in accounting standards. This Update eliminates from GAAP the concept of extraordinary items. The amendments in this Update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. This ASU is not expected to have a significant impact on the Compny's financial statements.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810)*. The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, the amendments (1) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities; (2) eliminate the presumption that a general partner should consolidate a limited partnership; (3) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (4) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in this Update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. This ASU is not expected to have a significant impact on the Company's financial statements.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30)*, as part of its initiative to reduce complexity in accounting standards. To simplify presentation of debt issuance costs, the amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. An entity should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. This ASU is not expected to have a significant impact on the Company’s financial statements.

In April 2015, the FASB issued ASU 2015-04, *Compensation-Retirement Benefits (Topic 715)*, as part of its initiative to reduce complexity in accounting standards. For an entity with a fiscal year-end that does not coincide with a month-end, the amendments in this Update provide a practical expedient that permits the entity to measure defined benefit plan assets and obligations using the month-end that is closest to the entity’s fiscal year-end and apply that practical expedient consistently from year to year. The practical expedient should be applied consistently to all plans if an entity has more than one plan. The amendments in this Update are effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Earlier application is permitted. This ASU is not expected to have a significant impact on the Company’s financial statements.

In April 2015, the FASB issued ASU 2015-05, *Intangible – Goodwill and Other Internal Use Software (Topic 350-40)*, as part of its initiative to reduce complexity in accounting standards. This guidance will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The amendments in this Update provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. For public business entities, the FASB decided that the amendments will be effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments will be effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. Early adoption is permitted for all entities. This ASU is not expected to have a significant impact on the Company’s financial statements.

In April 2015, the FASB issued ASU 2015-06, *Earnings Per Share (Topic 260):* Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions. Topic 260, Earnings Per Share, contains guidance that addresses master limited partnerships that originated from Emerging Issues Task Force (EITF) Issue No. 07-4, Application of the Two-Class Method under FASB Statement No. 128 to Master Limited Partnerships. Under Topic 260, master limited partnerships apply the two-class method of calculating earnings per unit because the general partner, limited partners, and incentive distribution rights holders each participate differently in the distribution of available cash in accordance with the contractual rights contained in the partnership agreement. The amendments in this Update specify that for purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner. In that circumstance, the previously reported earnings per unit of the limited partners (which is typically the earnings per unit measure presented in the financial statements) would not change as a result of the dropdown transaction. Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method also are required. The amendments in this Update are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Earlier application is permitted. This ASU is not expected to have a significant impact on the Company's financial statements.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* The Update applies to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. Under the amendments in this Update, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. Removing those investments from the fair value hierarchy not only eliminates the diversity in practice resulting from the way in which investments measured at net asset value per share (or its equivalent) with future redemption dates are classified, but also ensures that all investments categorized in the fair value hierarchy are classified using a consistent approach. Investments that calculate net asset value per share (or its equivalent), but for which the practical expedient is not applied will continue to be included in the fair value hierarchy. A reporting entity should continue to disclose information on investments for which fair value is measured at net asset value (or its equivalent) as a practical expedient to help users understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from net asset value. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application is permitted. This ASU is not expected to have a significant impact on the Company's financial statements.

In May 2015, the FASB issued ASU 2015-08, *Business Combinations - Pushdown Accounting - Amendment to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115.* This ASU was issued to amend various SEC paragraphs pursuant to the issuance of Staff Accounting Bulletin No. 115 which deleted certain topics related to push down accounting in order to make the SEC's interpretive guidance consistent with current accounting and audit guidance. This ASU is not expected to have a significant impact on the Company's 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, 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:

	Three Months Ended June 30,			
	2015		2014	
	Basic	**Diluted**	**Basic**	**Diluted**
	(Dollars in Thousands, Except Per Share Data)			
Net income	$47	$47	$521	$521
Weighted average shares outstanding	8,195,086	8,195,086	8,971,874	8,971,874
Effect of dilutive common stock equivalents	-	165,431	-	216,541
Adjusted weighted average shares used in earnings per share computation	8,195,086	8,360,517	8,971,874	9,188,415
Earnings per share - basic and diluted	$0.01	$0.01	$0.06	$0.06

	Nine Months Ended June 30,			
	2015		2014	
	Basic	**Diluted**	**Basic**	**Diluted**
	(Dollars in Thousands, Except Per Share Data)			
Net income	$2,219	$2,219	$1,394	$1,394
Weighted average shares outstanding	8,539,207	8,539,207	9,088,086	9,088,086
Effect of dilutive common stock equivalents	-	158,303	-	211,429
Adjusted weighted average shares used in earnings per share computation	8,539,207	8,697,510	9,088,086	9,299,515
Earnings per share - basic and diluted	$0.26	$0.26	$0.15	$0.15

As of June 30, 2015 and June 30, 2014, there were 684, 403 and 383,015 shares of common stock, respectively, subject to options with an exercise price greater than the then current market and which were not included in the computation of diluted earnings per share because to do so would have been antidilutive. The exercise price for the stock options representing the anti-dilutive shares was $12.23 and $11.83 at June 30, 2015 and 2014, respectively.

3. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present the changes in accumulated other comprehensive income (loss) by component, net of tax:

	Three Months Ended June 30,	
	2015	2014
	(Dollars in Thousands)	
	Unrealized gains (losses) on available for sale securities (a)	Unrealized gains (losses) on available for sale securities (a)
Beginning Balance	$101	$ (1,265)
Other comprehensive (loss)income before reclassification	(756)	615
Amount reclassified from accumulated other comprehensive income	-	1
Total other comprehensive (loss) income	(756)	616
Ending Balance	$(655)	$ (649)

(a) All amounts are net of tax. Amounts in parentheses indicate debits.

	Nine Months Ended June 30,	
	2015	2014
	(Dollars in Thousands)	
	Unrealized gains (losses) on available for sale securities (a)	Unrealized gains (losses) on available for sale securities (a)
Beginning Balance	$(953)	$ (1,292)
Other comprehensive income before reclassification	298	813
Amount reclassified from accumulated other comprehensive loss	-	(170)

Total other comprehensive income	298	643
Ending Balance	$(655)	$ (649)

(a) All amounts are net of tax. Amounts in parentheses indicate debits.

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The following table presents significant amounts reclassified out of each component of accumulated other comprehensive loss:

	Three Months Ended June 30,		
	2015	2014	
Details about other comprehensive income	Amount Reclassified from Accumulated Other Comprehensive Income (a)	Amount Reclassified from Accumulated Other Comprehensive Income (a)	Affected Line Item in the Statement Where Net Income is Presented
	(Dollars in Thousands)		
Unrealized gains on available for sale securities	$-	$-	Gain on sale of securities available for sale
	-	-	Income taxes
	-	(1)	Net impairment losses recognized in earnings
	-	-	Income taxes
	$-	$(1)	Net of tax

(a) Amounts in parentheses indicate debits to net income.

	Nine Months Ended June 30,		
	2015	2014	
Details about other comprehensive income	Amount Reclassified from Accumulated Other Comprehensive Income (a)	Amount Reclassified from Accumulated Other Comprehensive Income (a)	Affected Line Item in the Statement Where Net Income is Presented
	(Dollars in Thousands)		
Unrealized gains on available for sale securities	$-	$274	Gain on sale of securities available for sale

-	(93	)	Income taxes
-	(16	)	Net impairment losses recognized in earnings
-	5		Income taxes
$-	$170		Net of tax

(a) Amounts in parentheses indicate debits to net income.

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4. 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:

	June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
Securities Available for Sale:				
U.S. government and agency obligations	$18,988	$ -	$ (671)	$18,317
Mortgage-backed securities - U.S. government agencies	58,990	273	(647)	58,616
Total debt securities available for sale	77,978	273	(1,318)	76,933
FHLMC preferred stock	6	53	-	59
Total securities available for sale	$77,984	$ 326	$ (1,318)	$76,992
Securities Held to Maturity:				
U.S. government and agency obligations	$57,926	$ 438	$ (1,956)	$56,408
Mortgage-backed securities - U.S. government agencies	12,077	982	(17)	13,042
Total securities held to maturity	$70,003	$ 1,420	$ (1,973)	$69,450

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	September 30, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
Securities Available for Sale:				
U.S. government and agency obligations	$18,987	$ -	$ (1,143)	$17,844
Mortgage-backed securities - U.S. government agencies	40,269	188	(554)	39,903
Total debt securities available for sale	59,256	188	(1,697)	57,747
FHLMC preferred stock	6	64	-	70
Total securities available for sale	$59,262	$ 252	$ (1,697)	$57,817
Securities Held to Maturity:				
U.S. government and agency obligations	$66,919	$ 502	$ (3,270)	$64,151
Mortgage-backed securities - U.S. government agencies	13,921	1,130	(110)	14,941
Total securities held to maturity	$80,840	$ 1,632	$ (3,380)	$79,092

The following table shows the gross unrealized losses and related fair values of the Company's investment securities which had unrealized losses as of June 30, 2015, aggregated by investment category and length of time that individual securities had been in a continuous loss position at June 30, 2015:

	Less than 12 months		More than 12 months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)					
Securities Available for Sale:						
U.S. government and agency obligations	$(170)	$4,827	$(501)	$13,490	$(671)	$18,317
Mortgage-backed securities - U.S. government agencies	(492)	28,684	(155)	9,520	(647)	38,204
Total securities available for sale	(662)	33,511	(656)	23,010	(1,318)	56,521
Securities Held to Maturity:						
U.S. government and agency obligations	(70)	8,422	(1,886)	41,565	(1,956)	49,987
Mortgage-backed securities - U.S. government agencies	-	-	(17)	2,393	(17)	2,393
Total securities held to maturity	(70)	8,422	(1,903)	43,958	(1,973)	52,380
Total	$(732)	$41,933	$(2,559)	$66,968	$(3,291)	$108,901

The following table shows the gross unrealized losses and related fair values of the Company's investment securities which had unrealized losses as of September 30, 2014, aggregated by investment category and length of time that individual securities had been in a continuous loss position at September 30, 2014:

	Less than 12 months		More than 12 months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)					
Securities Available for Sale:						
U.S. government and agency obligations	$-	$-	$(1,143)	$17,844	$(1,143)	$17,844
Mortgage-backed securities - U.S. government agency	(184)	16,437	(370)	13,303	(554)	29,740
Total securities available for sale	(184)	16,437	(1,513)	31,147	(1,697)	47,584
Securities Held to Maturity:						
U.S. government and agency obligations	(73)	6,408	(3,197)	49,243	(3,270)	55,651
Mortgage-backed securities - U.S. government agency	-	-	(110)	4,542	(110)	4,542
Total securities held to maturity	(73)	6,408	(3,307)	53,785	(3,380)	60,193
Total	$(257)	$22,845	$(4,820)	$84,931	$(5,077)	$107,776

Management evaluates securities for other-than-temporary impairment ("OTTI") at least once each quarter, and more frequently when economic or market concerns warrant such evaluation. The evaluation is based upon factors such as the creditworthiness of the issuers/guarantors, the underlying collateral, if applicable, and the continuing performance of the securities. Management also evaluates other facts and circumstances that may be indicative of an OTTI condition. This includes, but is not limited to, an evaluation of the type of security, the length of time and extent to which the fair value of the security has been less than amortized cost, and the near-term prospects of the issuer.

The Company assesses whether a credit loss exists with respect to a security by considering whether (1) the Company has the intent to sell the security, (2) it is more likely than not that it will be required to sell the security before recovery has occurred, and (3) it does not expect to recover the entire amortized cost basis of the security. The Company bifurcates the OTTI impact on impaired securities where impairment in value was deemed to be other than temporary between the component representing credit loss and the component representing loss related to other factors. The portion of the fair value decline attributable to credit loss must be recognized through a charge to earnings. The credit component is determined by comparing the present value of the cash flows expected to be collected, discounted at the rate in effect before recognizing any OTTI, with the amortized cost basis of the debt security. The Company uses the cash flows expected to be realized from the security, which includes assumptions about interest rates, timing and severity of defaults, estimates of potential recoveries, the cash flow distribution from the security and other factors, then applies a discount rate equal to the effective yield of the security. The difference between the present value of the expected cash flows and the amortized book value is considered a credit loss. The fair value of the security is determined using the same expected cash flows; the discount rate is a rate the Company determines from open market and other sources as appropriate for the particular security. The difference between the fair value and the security's remaining amortized cost which represents loss related to other factors is recognized in other comprehensive income (loss).

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During the three and nine months ended June 30, 2015, the Company determined there were no OTTI that occurred within the investment and mortgage-back securities portfolios.

The following is a rollforward for the three and nine months ended June 30, 2014 of the amounts recognized in earnings related to credit losses on securities on which the Company recorded OTTI charges through earnings and comprehensive income (loss).

	Three Months Ended June 30, 2014 (Dollars in Thousands)
Credit component of OTTI as of April 1, 2014	$1,614
Additions for credit-related OTTI charges on previously unimpaired securities	-
Additional increase as a result of impairment charges recognized on investments for which an OTTI charge was previously recognized	1
Credit component of OTTI as of June 30, 2014	$1,615

	Nine Months Ended June 30, 2014 (Dollars in Thousands)
Credit component of OTTI as of October 1, 2013	$1,599
Additions for credit-related OTTI charges on previously unimpaired securities	-
Additional increase as a result of impairment charges recognized on investments for which an OTTI charge was previously recognized	16
Credit component of OTTI as of June 30, 2014	$1,615

U.S. Government Agency Obligations - The Company's investments reflected in the tables above in U.S. Government agency notes consist of debt obligations of the FHLB and Federal Farm Credit System ("FFCS"). These securities are typically rated AAA by one of the internationally recognized credit rating services. At June 30, 2015, U.S. Government and agency obligations in a gross unrealized loss for less than 12 months consisted of five securities. There were 21 securities in a gross unrealized loss for more than 12 months at such date. The unrealized losses on these debt securities relate principally to the changes in market interest rates and a lack of liquidity currently in the financial markets and are not a result of a projected shortfall of cash flows. The Company anticipates it will recover the entire amortized cost basis of the securities. As a result, the Company does not consider these investments to be other-than-temporarily impaired at June 30, 2015.

U.S. Agency Issued Mortgage-Backed Securities - At June 30, 2015, there were 21 securities in a gross unrealized loss for less than 12 months while there were seven securities in a gross unrealized loss for more than 12 months at such date. These securities represent asset-backed issues that are issued or guaranteed by a U.S. Government sponsored agency or carry the full faith and credit of the United States through a government agency and are currently rated AAA by at least one bond credit rating agency. The Company anticipates it will recover the entire amortized cost basis of the securities. As a result, the Company does not consider these investments to be other-than-temporarily impaired at June 30, 2015.

The amortized cost and fair value of debt securities, 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.

The maturity table below excludes mortgage-backed securities because the contractual maturities of such securities are not indicative of actual maturities due to significant prepayments.

	June 30, 2015			
	Held to Maturity		**Available for Sale**	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
	(Dollars in Thousands)			
Due within one year	$-	$-	$-	$-
Due after one through five years	2,983	3,262	-	-
Due after five through ten years	7,500	7,315	1,999	1,947
Due after ten years	47,443	45,831	16,989	16,370
Total	$57,926	$56,408	$18,988	$18,317

During both the three and nine month periods ended June 30, 2015, no securities were sold. During the three month period ended June 30, 2014, no securities were sold and for the nine month period ended June 30, 2014, the Company sold five mortgage-backed securities with an aggregate amortized cost of $1.0 million and recognized aggregate gains of $274,000 (pre-tax). During the nine month period ended June 30, 2014, no securities were sold at a loss.

5. LOANS RECEIVABLE

Loans receivable consist of the following:

	June 30, 2015	**September 30, 2014**
	(Dollars in Thousands)	
One-to-four family residential	$266,583	$ 282,637
Multi-family residential	6,304	7,174
Commercial real estate	25,419	16,113
Construction and land development	40,580	22,397
Commercial business	-	1,976
Consumer	378	399
Total loans	339,264	330,696
Undisbursed portion of loans-in-process	(21,295)	(9,657)
Deferred loan costs	2,191	2,449
Allowance for loan losses	(2,673)	(2,425)

Net loans	$317,487	$321,063

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The following table summarizes by loan segment the balance in the allowance for loan losses and the loans individually and collectively evaluated for impairment by loan segment at June 30, 2015:

	One-to-four family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Consumer	Unallocated	Total
	(Dollars in Thousands)							
Allowance for Loan Losses:								
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,639	60	215	507	-	4	248	2,673
Total ending allowance balance	$ 1,639	$ 60	$ 215	$ 507	$ -	$ 4	$ 248	$ 2,673
Loans:								
Individually evaluated for impairment	$ 8,924	$ 355	$ 3,912	$ 8,029	$ -	$ -		$ 21,220
Collectively evaluated for impairment	257,659	5,949	21,507	32,551	-	378		318,044
Total loans	$ 266,583	$ 6,304	$ 25,419	$ 40,580	$ -	$ 378		$ 339,264

The following table summarizes by loan segment the balance in the allowance for loan losses and the loans individually and collectively evaluated for impairment by loan segment at September 30, 2014:

	One-to-four family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Consumer	Unallocated	Total
	(Dollars in Thousands)							
Allowance for Loan Losses:								
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,663	67	122	323	15	4	231	2,425
Total loans	$ 1,663	$ 67	$ 122	$ 323	$ 15	$ 4	$ 231	$ 2,425
Loans:								
Individually evaluated for impairment	$ 10,436	$ 368	$ 3,777	$ 7,399	$ -	$ -	$ -	$ 21,980
Collectively evaluated for impairment	272,201	6,806	12,336	14,998	1,976	399	-	308,716
Total loans	$ 282,637	$ 7,174	$ 16,113	$ 22,397	$ 1,976	$ 399	$ -	$ 330,696

The loan portfolio is segmented at a level that allows management to monitor both risk and performance. Management evaluates for potential impairment all construction loans, commercial real estate and commercial business loans and all loans 90 plus days delinquent as to principal and/or interest. Loans are considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect in full the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

Once the determination is made that a loan is impaired, the determination of whether a specific allocation of the allowance is necessary is generally measured by comparing the recorded investment in the loan to the fair value of the loan using one of the following three methods: (a) the present value of the expected future cash flows discounted at the loan’s effective interest rate; (b) the loan’s observable market price; or (c) the fair value of the collateral less selling costs. Management primarily utilizes the fair value of collateral method as a practically expedient alternative. On collateral method evaluations, any portion of the loan deemed uncollectible is charged-off against the loan loss allowance.

The following table presents impaired loans by class, segregated by those for which a specific allowance was required and those for which a specific allowance was not required as of June 30, 2015:

	Impaired Loans with Specific Allowance (Dollars in Thousands)		Impaired Loans with No Specific Allowance	Total Impaired Loans	
	Recorded Investment	Related Allowance	Recorded Investment	Recorded Investment	Unpaid Principal Balance
One-to-four family residential	$-	$ -	$ 8,924	$8,924	$9,315
Multi-family residential	-	-	355	355	355
Commercial real estate	-	-	3,912	3,912	3,912
Construction and land development	-	-	8,029	8,029	8,029
Total Loans	$-	$ -	$ 21,220	$21,220	$21,611

The following table presents impaired loans by class, segregated by those for which a specific allowance was required and those for which a specific allowance was not required as of September 30, 2014:

	Impaired Loans with Specific Allowance (Dollars in Thousands)		Impaired Loans with No Specific Allowance	Total Impaired Loans	
	Recorded Investment	Related Allowance	Recorded Investment	Recorded Investment	Unpaid Principal Balance
One-to-four family residential	$-	$ -	$ 10,436	$10,436	$11,135
Multi-family residential	-	-	368	368	368
Commercial real estate	-	-	3,777	3,777	3,777
Construction and land development	-	-	7,399	7,399	7,399
Total Loans	$-	$ -	$ 21,980	$21,980	$22,679

The following table presents the average recorded investment in impaired loans and related interest income recognized for the periods indicated:

	Three Months Ended June 30, 2015		
	Average Recorded Investment	Income Recognized on Accrual Basis	Income Recognized on Cash Basis
	(Dollars in Thousands)		
One-to-four family residential	$9,222	$ 115	$ 42
Multi-family residential	357	6	-
Commercial real estate	3,832	54	24
Construction and land development	7,977	109	65
Total Loans	$21,388	$ 284	$ 131

	Nine Months Ended June 30, 2015		
	Average Recorded Investment	Income Recognized on Accrual Basis	Income Recognized on Cash Basis
	(Dollars in Thousands)		
One-to-four family residential	$9,865	$ 378	$ 119
Multi-family residential	361	19	-
Commercial real estate	3,801	157	58
Construction and land development	7,728	318	129
Total Loans	$21,755	$ 872	$ 306

	Three Months Ended June 30, 2014		
	Average Recorded Investment	Income Recognized on Accrual Basis	Income Recognized on Cash Basis
	(Dollars in Thousands)		
One-to-four family residential	$10,030	$ 78	$ 85
Multi-family residential	188	7	-
Commercial real estate	1,468	8	7
Construction and land development	4,052	34	-
Total Loans	$15,738	$ 127	$ 92

	Nine Months Ended June 30, 2014		
	Average Recorded Investment	Income Recognized on Accrual Basis	Income Recognized on Cash Basis
	(Dollars in Thousands)		
One-to-four family residential	$10,342	$ 242	$ 136
Multi-family residential	285	20	7
Commercial real estate	1,926	18	14
Construction and land development	2,628	70	-
Total Loans	$15,181	$ 350	$ 157

Federal regulations and our loan policy require that the Company utilize an internal asset classification system as a means of reporting problem and potential problem assets. The Company has incorporated an internal asset classification system, consistent with Federal banking regulations, as a part of its credit monitoring system. Management currently classifies problem and potential problem assets as "special mention", "substandard," "doubtful" or "loss" assets. An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" that the insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard" with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are required to be designated "special mention."

The following tables present the classes of the loan portfolio in which a formal risk weighting system is utilized summarized by the aggregate "Pass" and the criticized category of "special mention", and the classified categories of "substandard", "doubtful" and "loss" within the Company's risk rating system as applied to the loan portfolio. The Company had no loans classified as "doubtful" or "loss" at either of the dates presented.

	June 30, 2015			
	Pass	Special Mention	Substandard	Total Loans
	(Dollars in Thousands)			
One-to-four family residential	$3,442	$ 1,432	$ 4,050	$8,924
Multi-family residential	5,949	-	355	6,304
Commercial real estate	22,572	-	2,847	25,419
Construction and land development	32,551	-	8,029	40,580
Total Loans	$64,514	$ 1,432	$ 15,281	$81,227

	September 30, 2014			
	Pass	Special Mention	Substandard	Total Loans
	(Dollars in Thousands)			
One-to-four family residential	$-	$ 1,509	$ 10,436	$11,945
Multi-family residential	6,806	-	368	7,174
Commercial real estate	11,347	989	3,777	16,113
Construction and land development	14,998	-	7,399	22,397
Commercial business	1,976	-	-	1,976
Consumer	-	119	-	119
Total Loans	$35,127	$ 2,617	$ 21,980	$59,724

The Company evaluates the classification of one-to-four family residential and consumer loans primarily on a pooled basis. If the Company becomes aware that adverse or distressed conditions exist that may affect a particular single-family residential loan, the loan is downgraded following the above definitions of special mention, substandard, doubtful and loss.

The following table represents loans in which a formal risk rating system is not utilized, but loans are segregated between performing and non-performing based primarily on delinquency status. Non-performing loans that would be included in the table are those loans greater than 90 days past due, that do not have a designated risk rating.

	June 30, 2015		
	Performing	Non-Performing	Total Loans
	(Dollars in Thousands)		
One-to-four family residential	$257,659	$ -	$257,659
Consumer	378	-	378
Total Loans	$258,037	$ -	$258,037

	September 30, 2014		
	Performing	Non-Performing	Total Loans
	(Dollars in Thousands)		
One-to-four family residential	$270,692	$ -	$270,692
Consumer	280	-	280
Total Loans	$270,972	$ -	$270,972

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as determined by the length of time a recorded payment is due or overdue, as the case may be. The following table presents the loan categories of the loan portfolio summarized by the aging categories of performing and delinquent loans and nonaccrual loans:

	June 30, 2015						
	Current	30-89 Days Past Due	90 Days + Past Due	90 Days+ Past Due and Accruing	Total Past Due and Accruing	Total Loans	Non-Accrual
	(Dollars in Thousands)						
One-to-four family residential	$262,629	$529	$3,425	$ -	$ 529	$266,583	$4,949
Multi-family residential	6,304	-	-	-	-	6,304	-
Commercial real estate	25,237	-	182	-	-	25,419	2,462
Construction and land development	40,580	-	-	-	-	40,580	8,029
Consumer	378	-	-	-	-	378	-
Total Loans	$335,128	$529	$3,607	$ -	$ 529	$339,264	$15,440

	September 30, 2014						
	Current	30-89 Days Past Due	90 Days + Past Due	90 Days+ Past Due and Accruing	Total Past Due and Accruing	Total Loans	Non-Accrual
	(Dollars in Thousands)						
One-to-four family residential	$278,716	$475	$3,446	$ -	$ 475	$282,637	$ 5,002
Multi-family residential	7,174	-	-	-	-	7,174	-
Commercial real estate	16,113	-	-	-	-	16,113	877
Construction and land development	22,397	-	-	-	-	22,397	-
Commercial business	1,976	-	-	-	-	1,976	-
Consumer	399	-	-	-	-	399	-
Total Loans	$326,775	$475	$3,446	$ -	$ 475	$330,696	$ 5,879

The allowance for loan losses is established through a provision for loan losses charged to expense. The Company maintains the allowance at a level believed to cover all known and inherent losses in the portfolio that are both probable and reasonable to estimate at each reporting date. Management reviews the allowance for loan losses no less than quarterly in order to identify these inherent losses and to assess the overall collection probability for the loan portfolio in view of these inherent losses. For each primary type of loan, a loss factor is established reflecting an estimate of the known and inherent losses in such loan type contained in the portfolio using both a quantitative analysis as well as consideration of qualitative factors. The evaluation process includes, among other things, an analysis of delinquency trends, non-performing loan trends, the level of charge-offs and recoveries, prior loss experience, total loans outstanding, the volume of loan originations, the type, size and geographic concentration of the Company’s loans, the value of collateral securing the loans, the borrowers’ ability to repay and repayment performance, the number of loans requiring heightened management oversight, local economic conditions and industry experience.

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Commercial real estate loans entail significant additional credit risks compared to one-to-four family residential mortgage loans, as they generally involve large loan balances concentrated with single borrowers or groups of related borrowers. In addition, the payment experience on loans secured by income-producing properties typically depends on the successful operation of the related real estate project and/or business operation of the borrower who is also the primary occupant, and thus may be subject to a greater extent to the effects of adverse conditions in the real estate market and in the economy in general. Commercial business loans typically involve a higher risk of default than residential loans of like duration since their repayment is generally dependent on the successful operation of the borrower's business and the sufficiency of collateral, if any. Land acquisition, development and construction lending exposes the Company to greater credit risk than permanent mortgage financing. The repayment of land acquisition, development and construction loans depends upon the sale of the property to third parties or the availability of permanent financing upon completion of all improvements. These events may adversely affect both the borrowers as well as the value of the collateral property. Such lending is additionally subject to the risk that if the estimate of construction cost proves to be inaccurate, potentially the Company will be compelled to advance additional funds. If the Company is forced to foreclose on a project prior to completion, there is no assurance that the Company would be able to recover the entire unpaid portion of the loan.

The following tables summarize the primary segments of the allowance for loan losses. Activity in the allowance is presented for the three and nine month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30, 2015							
	One-to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Consumer	Unallocated	Total
	(Dollars in Thousands)							
ALLL balance at March 31, 2015	$1,545	$ 51	$ 207	$ 545	$ -	$ 4	$ 236	$2,588
Charge-offs	(126)	-	-	-	-	-	-	(126)
Recoveries	1	-	-	-	-	-	-	1
Provision	219	9	8	(38)	-	-	12	210
ALLL balance at June 30, 2015	$1,639	$ 60	$ 215	$ 507	$ -	$ 4	$ 248	$2,673

	Nine Months Ended June 30, 2015							
	One-to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Consumer	Unallocated	Total
	(Dollars in Thousands)							
ALLL balance at September 30, 2014	$1,663	$ 67	$ 122	$ 323	$ 15	$ 4	$ 231	$2,425
Charge-offs	(338)	-	-	-	-	-	-	(338)
Recoveries	1	-	-	-	-	-	-	1
Provision	313	(7)	93	184	(15)	-	17	585
ALLL balance at June 30, 2015	$1,639	$ 60	$ 215	$ 507	$ -	$ 4	$ 248	$2,673

The increase in the provision for the fiscal 2015 periods was primarily a result of replenishing the allowance related to one-to-four family loans that were charged-off during the period based upon the balance of such loans at June 30, 2015. In addition, the allowance associated with construction and land development loans was impacted by the increase in the outstanding balance of such loans triggering the need to increase the Company’s allowance.

	Three Months Ended June 30, 2014							
	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Consumer	Unallocated	Total
	(Dollars in Thousands)							
ALLL balance at March 31, 2014	$1,425	$ 64	$ 141	$ 523	$ 4	$ 3	$ 230	$2,390
Charge-offs	(205)	-	-	-	-	-	-	(205)
Recoveries	-	-	-	-	-	-	-	-
Provision	86	38	90	(234)	-	2	18	-
ALLL balance at June 30, 2014	$1,286	$ 58	$ 125	$ 512	$ 3	$ 1	$ 200	$2,185

	Nine Months Ended June 30, 2014							
	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Consumer	Unallocated	Total
	(Dollars in Thousands)							
ALLL balance at September 30, 2013	$1,384	$ 22	$ 70	$ 653	$ 4	$ 2	$ 218	$2,353
Charge-offs	(215)	-	-	-	-	-	-	(215)
Recoveries	47	-	-	-	-	-	-	47
Provision	70	36	55	(141)	(1)	(1)	(18)	-
ALLL balance at June 30, 2014	$1,286	$ 58	$ 125	$ 512	$ 3	$ 1	$ 200	$2,185

The decrease in the provision for the fiscal 2014 periods primarily related to the construction and land development loan category and was due mainly to a decrease in the historical loss factor. This decrease was a direct result of prior period charge-offs that occurred prior to the three year period utilized for calculation of this component of the allowance for loan losses.

The following tables summarize information regarding troubled debt restructurings (“TDR”) occurring in the periods presented for both three and nine months ended June 30, 2015 and 2014.

The Company did not restructure any debt during the three month period ended June 30, 2015.

	Nine Months Ended June 30, 2015				
(Dollars in Thousands)	Number of Loans		Pre-Modification Outstanding Recorded Investment		Post-Modification Outstanding Recorded Investment
Commercial real estate	1	$	750	$	750
Construction and land development	1		3,665		3,665
	2	$	4,415	$	4,415

	Three Months Ended June 30, 2014				
(Dollars in Thousands)	Number of Loans		Pre-Modification Outstanding Recorded Investment		Post-Modification Outstanding Recorded Investment
One-to-four family	1	$	453	$	800
	1	$	453	$	800

	Nine Months Ended June 30, 2014				
(Dollars in Thousands)	Number of Loans		Pre-Modification Outstanding Recorded Investment		Post-Modification Outstanding Recorded Investment
One-to-four family	1	$	1,468	$	1,468
Commercial	1		453		800
	2	$	1,921	$	2,268

At June 30, 2015, the Company had ten loans classified as TDRs aggregating $8.3 million, consisting two single-family real estate loans which amounted to $1.6 million, one construction and land development loan totaling $3.6 million and seven commercial real estate loans which amounted to $3.1 million. Of these loans, one single-family real estate loan totaling $1.4 million, two commercial real estate loans totaling $1.6 million and a construction and land development loan totaling $3.7 million were determined to be non-performing, until management has made the decision to designate these credits as performing. Typically management will wait a minimum of six consecutive contractual payments prior to change the designation. All TDRs, with the exception of one commercial real estate loan totaling $884,000, were classified as “substandard” as of June 30, 2015.

No TDRs defaulted during the three and nine month periods ended June 30, 2015 or 2014 that were restructured in the twelve months preceding the periods presented.

6. DEPOSITS

Deposits consist of the following major classifications:

	June 30, 2015		**September 30, 2014**	
	Amount	**Percent**	**Amount**	**Percent**
	(Dollars in Thousands)			
Money market deposit accounts	$62,299	16.6 %	$64,665	16.5 %
Interest-bearing checking accounts	35,958	9.6	38,119	9.8
Non interest-bearing checking accounts	2,177	0.6	2,327	0.6
Passbook, club and statement savings	72,214	19.2	73,275	18.8
Certificates maturing in six months or less	56,252	15.0	48,359	12.4
Certificates maturing in more than six months	147,203	39.0	164,280	41.9
Total	$376,103	100.0 %	$391,025	100.0 %

Certificates of deposit of $250,000 and over totaled $33.9 million as of June 30, 2015 and $33.1 million as of September 30, 2014.

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7. INCOME TAXES

Items that gave rise to significant portions of deferred income taxes are as follows:

	June 2015	September 30, 2014
Deferred tax assets:	(Dollars in Thousands)	
Allowance for loan losses	$1,124	$ 1,123
Nonaccrual interest	94	125
Accrued vacation	118	108
Capital loss carryforward	548	1,211
Split dollar life insurance	20	20
Post-retirement benefits	132	137
Unrealized loss on available for sale securities	337	491
Employee benefit plans	477	382
Total deferred tax assets	2,850	3,597
Valuation allowance	(548)	(1,211)
Total deferred tax assets, net of valuation allowance	2,302	2,386
Deferred tax liabilities:		
Property	387	422
Deferred loan fees	746	833
Total deferred tax liabilities	1,133	1,255
Net deferred tax asset	$1,169	$ 1,131

The Company establishes a valuation allowance for deferred tax assets when management believes that the use of the deferred tax assets is not likely to be realized through a carry back to taxable income in prior years or future reversals of existing taxable temporary differences, and/or to a lesser extent, future taxable income. The tax deduction generated by the redemption of the shares of a mutual fund held by the Bank and the subsequent impairment charge on the assets acquired through the redemption in kind are considered capital losses and can only be utilized to the extent of capital gains over a five year period, resulting in the establishment of a valuation allowance for the carryforward period. The valuation allowance totaled $548,000 at June 30, 2015.

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statements of Operations as a component of income tax expense. As of June 30, 2015, the Internal Revenue Service had conducted an audit of the Company’s federal tax return for the year ended September 30, 2010, and no adverse findings were reported. The Company’s federal and state income tax returns for taxable years through September 30, 2011 have been closed for purposes of examination by the Internal Revenue Service and the Pennsylvania Department of Revenue.

8. STOCK COMPENSATION PLANS

The Company maintains an employee stock ownership plan (“ESOP”) for substantially all of its full-time employees. The ESOP purchased 427,057 shares (on a converted basis) of the Company’s common stock for an aggregate cost of approximately $4.5 million in fiscal 2005. The ESOP purchased an additional 255,564 shares during December 2013 and an additional 30,100 shares at the beginning January 2014, of the Company’s stock for an aggregate cost of approximately $3.1 million. The shares were purchased with the proceeds of loans from the Company. 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 June 30, 2015, the ESOP held 697,301 shares and the Company had allocated a total of 222,685 shares from the suspense account to participants and committed to release an additional 17,761 shares. For the nine months ended June 30, 2015, the Company recognized $483,000 in compensation expense related to the ESOP.

The Company maintains the 2008 Recognition and Retention Plan (“2008 RRP”) which is administered by a committee of the Board of Directors of the Company. The RRP provides for the grant of shares of common stock of the Company to officers, employees and directors of the Company. In order to fund the grant of shares under the RRP, the RRP Trust purchased 213,528 shares (on a converted basis) of the Company’s common stock in the open market for approximately $2.5 million, at an average purchase price per share of $11.49 as part of the 2008 RRP. The Company made sufficient contributions to the RRP Trust to fund these purchases. As of June 30, 2015, all the shares had been awarded as part of the 2008 RRP. Shares subject to awards under the 2008 RRP generally vest at the rate of 20% per year over five years. As of June 30, 2015, 185,788 (on a converted basis) of the awarded shares of the 2008 Plan had become fully vested. During February 2015, shareholders approved the 2014 Stock Incentive Plan (the “2014 SIP”). As part of the 2014 SIP, a maximum of 285,655 shares can be awarded as restricted stock awards or units, of which 235,500 shares were awarded during February 2015.

Compensation expense related to the shares subject to restricted stock awards granted is recognized ratably over the five-year vesting period in an amount which totals the grant date fair value multiplied by the number of shares subject to the grant. During the three and nine months ended June 30, 2015, $154,000 and $263,000, respectively, was recognized in compensation expense for the 2008 RRP and the grants pursuant to the 2014 SIP. Income tax benefits of $52,000 and $89,000 were recognized for the three and nine months ended June 30, 2015. During the three and nine months ended June 30, 2014, $21,000 and $107,000, respectively, was recognized in compensation expense for the 2008 RRP. An income tax benefit of $7,000 was recognized for the three months ended June 30, 2014 while an income tax benefit of $55,000 was recognized for the nine months ended June 30, 2014. At June 30, 2015, approximately $2.8 million in additional compensation expense for the shares awarded related to the 2008 RRP and the 2014 SIP remained unrecognized.

A summary of the Company's non-vested stock award activity for the nine months ended June 30, 2015 and 2014 are presented in the following tables:

	Nine Months Ended June 30, 2015	
	Number of Shares (1)	Weighted Average Grant Date Fair Value
Nonvested stock awards at October 1, 2014	38,055	$ 8.07
Issued	235,500	12.23
Forfeited	-	-
Vested	(10,314)	8.22
Nonvested stock awards at the June 30, 2015	263,241	$ 11.79

	Nine Months Ended June 30, 2014	
	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested stock awards at October 1, 2013	79,477	$ 9.56
Issued	-	-
Forfeited	-	-
Vested	(41,422)	10.93
Nonvested stock awards at the June 30, 2014	38,055	$ 8.11

The Company maintains the 2008 Stock Option Plan (the "2008 Option Plan") which authorizes the grant of stock options to officers, employees and directors of the Company to acquire shares of common stock with an exercise price at least equal to the fair market value of the common stock on the grant date. Options generally become vested and exercisable at the rate of 20% per year over five years and are generally exercisable for a period of ten years after the grant date. A total of 533,808 shares (on a converted basis) of common stock were approved for future issuance pursuant to the 2008 Stock Option Plan. As of June 30, 2015, all of the options had been awarded under the 2008 Option Plan. As of June 30, 2015, 419,801 options (on a converted basis) were vested under the 2008 Option Plan. The 2014 SIP reserved up to 714,145 shares for issuance pursuant to options. Options to purchase 608,737 shares were awarded during February 2015, 605,000 shares pursuant to the 2014 SIP and the remainder pursuant to the 2008 Option Plan.

A summary of the status of the Company's stock options under the 2008 Option Plan and the 2014 SIP as of June 30, 2015 and 2014 and changes during the nine month periods ended June 30, 2015 and 2014 are presented below:

	Nine Months Ended June 30, 2015	
	Number of Shares	Weighted Average Exercise Price
Outstanding at October 1, 2014	530,084	$ 10.86
Granted	608,737	12.23
Exercised	-	-
Forfeited	-	-
Outstanding at June 30, 2015	1,138,821	$ 11.59
Exercisable at June 30, 2015	445,147	$ 11.37

	Nine Months Ended June 30, 2014	
	Number of Shares (1)	Weighted Average Exercise Price
Outstanding at October 1, 2013	516,739	$ 10.86
Granted	13,545	10.68
Exercised	-	-
Forfeited	-	-
Outstanding at June 30, 2014	530,284	$ 10.86
Exercisable at June 30, 2014	415,733	$ 11.57

The weighted average remaining contractual term was approximately 7.3 years for options outstanding as of June 30, 2015.

The estimated fair value of options granted during fiscal 2009 was $2.98 per share, $2.92 for options granted during fiscal 2010, $3.34 for options granted during fiscal 2013, $4.67 for the options granted during fiscal 2014 and $4.58 for options granted during fiscal 2015. The fair value for grants made in fiscal 2015 was estimated on the date of grant using the Black-Scholes pricing model with the following assumptions: an exercise and fair value of $12.23, term of seven years, volatility ra