

Citizens Community Bancorp Inc.  
Form 10-Q  
May 15, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 March 31, 2012

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 001-33003

**CITIZENS COMMUNITY BANCORP, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of incorporation or organization)

**20-5120010**  
(IRS Employer Identification Number)

**2174 EastRidge Center, Eau Claire, WI 54701**

(Address of principal executive offices)

**715-836-9994**

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(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 and 15(d) of the Securities Exchange Act of 1934 during the past 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 a small reporting company. See the definitions 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  Smaller reporting company   
(do not check if a 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

## APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

At May 15, 2012 there were 5,133,050 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

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**CITIZENS COMMUNITY BANCORP, INC.**

**FORM 10-Q**

**MARCH 31, 2012**

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**Table of Contents****PART 1 FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****CITIZENS COMMUNITY BANCORP, INC.****Consolidated Balance Sheets****March 31, 2012 (unaudited) and September 30, 2011****(derived from audited financial statements)****(in thousands, except share data)**

	<i>March 31, 2012</i>	<i>September 30, 2011</i>
<i>Assets</i>		
Cash and cash equivalents	\$ 18,395	\$ 31,763
Other interest-bearing deposits	2,739	9,543
Securities available for sale (at fair value)	65,156	44,338
Federal Home Loan Bank stock	5,014	5,787
Loans receivable	427,139	431,746
Allowance for loan losses	(5,668)	(4,898)
Loans receivable net	421,471	426,848
Office properties and equipment net	5,805	6,696
Accrued interest receivable	1,587	1,508
Intangible assets	316	483
Foreclosed and repossessed assets	1,126	1,360
Other assets	7,172	8,231
<b>TOTAL ASSETS</b>	<b>\$528,781</b>	<b>\$536,557</b>
<i>Liabilities and Stockholders Equity</i>		
Liabilities:		
Deposits	\$436,231	\$448,973
Federal Home Loan Bank advances	35,100	30,400
Other liabilities	4,297	4,296
Total liabilities	<b>475,628</b>	<b>483,669</b>
Stockholders equity:		
Common stock 5,133,050 and 5,133,570 shares, respectively	51	51
Additional paid-in capital	53,944	53,934
Retained earnings	975	1,323
Unearned deferred compensation	(91)	(102)
Accumulated other comprehensive loss	(1,726)	(2,318)
Total stockholders equity	<b>53,153</b>	<b>52,888</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$528,781</b>	<b>\$536,557</b>

See accompanying condensed notes to unaudited consolidated financial statements.



**Table of Contents****CITIZENS COMMUNITY BANCORP, INC.****Consolidated Statements of Operations (unaudited)****Three and Six Months Ended March 31, 2012 and 2011**

(in thousands, except per share data)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Interest and Dividend Income:</b>				
Interest and fees on loans	\$6,360	\$6,996	\$13,162	\$14,265
Interest on investments	347	525	688	1,215
Total interest and dividend income	6,707	7,521	13,850	15,480
<b>Interest expense:</b>				
Interest on deposits	1,346	1,845	2,841	3,834
Interest on borrowed funds	328	454	658	1,061
Total interest expense	1,674	2,299	3,499	4,895
Net interest income	5,033	5,222	10,351	10,585
Provision for loan losses	1,100	1,650	2,640	3,250
Net interest income after provision for loan losses	3,933	3,572	7,711	7,335
<b>Noninterest income:</b>				
Total fair value adjustments and other-than-temporary impairment	251	566	(2,751)	(1,414)
Portion of loss (gain) recognized in other comprehensive loss (income) (before tax)	(251)	(566)	2,078	844
Net gains (losses) on sale of available-for-sale securities	(3)	234	80	234
Net gains (losses) on available for sale securities	(3)	234	(593)	(336)
Service charges on deposit accounts	340	335	727	709
Insurance commissions	14	24	14	48
Loan fees and service charges	101	68	221	279
Other	150	119	283	226
Total noninterest income	602	780	652	926
<b>Noninterest expense:</b>				
Salaries and related benefits	2,212	2,093	4,363	4,110
Occupancy net	616	666	1,222	1,309
Office	303	334	577	708
Data processing	380	191	731	355
Amortization of core deposit	83	83	166	166
Advertising, marketing and public relations	47	20	100	68
FDIC premium assessment	163	273	343	543
Professional services	284	279	596	566
Other	333	270	831	680
Total noninterest expense	4,421	4,209	8,929	8,505
Income (loss) before provision for income tax	114	143	(566)	(244)
Provision (benefit) for income taxes	48	63	(218)	(85)
Net income (loss) attributable to common stockholders	\$66	\$80	\$ (348)	\$ (159)
<b>Per share information:</b>				
Basic earnings	\$0.01	\$0.02	\$ (0.07)	\$ (0.03)
Diluted earnings	\$0.01	\$0.02	\$ (0.07)	\$ (0.03)
Dividends paid	\$	\$	\$	\$

See accompanying condensed notes to unaudited consolidated financial statements.



**Table of Contents****CITIZENS COMMUNITY BANCORP, INC.****Consolidated Statements of Other Comprehensive Income (unaudited)****Six Months Ended March 31, 2012 and 2011**

(in thousands, except per share data)

	Six Months Ended	
	March 31, 2012	March 31, 2011
Net loss attributable to common stockholders	\$(348)	\$ (159)
Other comprehensive income, net of tax:		
Securities available for sale		
Net unrealized gains arising during period	138	2,340
Reclassification adjustment for gains included in net income	48	140
Change for realized losses on securities available for sale for Other-than-temporary impairment write-down	404	342
Unrealized gains on securities	590	2,822
Defined benefit plans:		
Amortization of unrecognized prior service costs and net gains (losses)	2	1
Total other comprehensive income, net of tax	592	2,823
Comprehensive income	\$244	\$2,664

See accompanying condensed notes to unaudited consolidated financial statements.



Table of Contents**CITIZENS COMMUNITY BANCORP, INC.****Consolidated Statement of****Changes in Stockholders Equity (unaudited)****Six Months Ended March 31, 2012**

(in thousands, except Shares)

	Common Stock		Additional Paid-in	Retained	Unearned	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Capital	Earnings	Compensation	(loss)	Equity
<b>Balance, October 1, 2011</b>	5,133,570	\$51	\$53,934	\$1,323	\$(102)	\$(2,318)	\$52,888
Net loss				(348)			(348)
Other comprehensive income						592	592
Forfeiture of unvested shares 520 shares	(520)						
Stock option expense			10				10
Amortization of restricted stock					11		11
<b>Balance, March 31, 2012</b>	5,133,050	\$51	\$53,944	\$ 975	\$( 91)	\$(1,726)	\$53,153

See accompanying condensed notes to unaudited consolidated financial statements.

**Table of Contents****CITIZENS COMMUNITY BANCORP, INC.****Consolidated Statements of Cash Flows (unaudited)****Six Months Ended March 31, 2012 and 2011**

(in thousands, except per share data)

	<b>Six Months Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities:</b>		
Net loss attributable to common stockholders	\$ (348)	\$ (159)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Net amortization of premium/discount on securities	308	(97)
Depreciation	518	666
Provision for loan losses	2,640	3,250
Net realized gain on sale of securities	(80)	(234)
Other-than-temporary impairment on mortgage-backed securities	673	620
Amortization of core deposit intangible	166	166
Amortization of restricted stock	11	1
Stock based compensation expense	10	
Loss on sale of office properties	134	
Net gains from disposals of foreclosed properties	(13)	(41)
Provision for valuation allowance on foreclosed properties	58	135
Decrease in accrued interest receivable and other assets	621	1,061
Increase in other liabilities	3	130
Total adjustments	5,049	5,657
Net cash provided by operating activities	4,701	5,498
<b>Cash flows from investing activities:</b>		
Purchase of securities available for sale	(37,414)	(49,577)
Net decrease (increase) in interest-bearing deposits	6,804	(6,991)
Proceeds from sale of securities available-for-sale	12,542	24,711
Principal payments on securities available for sale	4,137	7,363
Proceeds from sale of FHLB stock	773	
Proceeds from sale of foreclosed properties	930	532
Net decrease in loans	1,961	12,850
Net capital expenditures	(224)	(658)
Net cash received from sale of office properties	464	
Net cash used in investing activities	(10,027)	(11,770)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in Federal Home Loan Bank advances	4,700	(21,400)
Net (decrease) increase in deposits	(12,742)	6,264
Net cash used in financing activities	(8,042)	(15,136)
Net decrease in cash and cash equivalents	(13,368)	(21,408)
Cash and cash equivalents at beginning of period	31,763	72,438
Cash and cash equivalents at end of period	\$18,395	\$51,030

**Supplemental cash flow information:**

Cash paid during the year for:

Interest on deposits	\$ 2,829	\$ 3,846
Interest on borrowings	\$ 655	\$ 1,130
Income taxes	\$ 5	\$ 5

**Supplemental noncash disclosure:**

Transfers from loans receivable to foreclosed and repossessed assets	\$ 801	\$ 674
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See accompanying condensed notes to unaudited consolidated financial statements.

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**CITIZENS COMMUNITY BANCORP, INC.**

**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Citizens Community Federal (the *Bank*) included herein have been included by its parent company, Citizens Community Bancorp, Inc. (the *Company*), pursuant to the rules and regulations of the Securities and Exchange Commission (*SEC*). Citizens Community Bancorp (*CCB*) was a successor to Citizens Community Federal as a result of a regulatory restructuring into the mutual holding company form, which was effective on March 29, 2004. Originally, Citizens Community Federal was a credit union. In December 2001, Citizens Community Federal converted to a federal mutual savings bank. In 2004, Citizens Community Federal reorganized into the mutual holding company form of organization. In 2006, Citizens Community Bancorp completed its second-step mutual to stock conversion.

The consolidated income (loss) of the Company is principally derived from the Bank's income. The Bank originates residential and consumer loans and accepts deposits from customers, primarily in Wisconsin, Minnesota and Michigan. The Bank operates 26 full-service offices; eight stand-alone locations and 18 branches predominantly located inside Walmart Supercenters.

The Bank is subject to competition from other financial institutions and non-financial institutions providing financial products. Additionally, the Bank is subject to the regulations of certain regulatory agencies and undergoes periodic examination by those regulatory agencies.

In preparing these consolidated financial statements, we evaluated the events and transactions that occurred through May 15, 2012, the date on which the financial statements were available to be issued. As of May 15, 2012, there were no subsequent events which required recognition or disclosure.

The accompanying consolidated interim financial statements are unaudited. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Unless otherwise stated, all amounts are in thousands.

***Principles of Consolidation*** The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Citizens Community Federal. All significant inter-company accounts and transactions have been eliminated.

***Use of Estimates*** Preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (*U.S. GAAP*) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, fair value of financial instruments, the allowance for loan losses, valuation of acquired intangible assets, useful lives for depreciation and amortization, indefinite-lived intangible assets and long-lived assets, deferred tax assets, uncertain income tax positions and contingencies. Management does not anticipate any material changes to estimates made herein in the near term. Factors that may cause sensitivity to the aforementioned estimates include but are not limited to; external market factors such as market interest rates and employment rates, changes to operating policies and procedures, and changes in applicable banking regulations. Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the consolidated financial statements in any individual reporting period.

***Securities*** Securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses deemed other than

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temporarily impaired due to non-credit issues being reported in other comprehensive income (loss), net of tax. Unrealized losses deemed other-than-temporary due to credit issues are reported in the Company's earnings in the period in which the losses arise. Interest income includes amortization of purchase premium or accretion of purchase discount. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the estimated lives of the securities.

In estimating other-than-temporary impairment, management considers: (1) the length of time and extent that fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the Company's ability and intent to hold the security for a period sufficient to allow for any anticipated recovery in fair value. The difference between the present values of the cash flows expected to be collected and the amortized cost basis is the credit loss. The credit loss is the portion of the other-than-temporary impairment that is recognized in operations and is a reduction to the cost basis of the security. The portion of other-than-temporary impairment related to all other factors is included in other comprehensive income (loss), net of the related tax effect.

**Loans** Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned interest, and deferred loan fees and costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the interest method without anticipating prepayments.

Interest income on mortgage and consumer loans is discontinued at the time the loan is over 91 days delinquent. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not received for a loan placed on nonaccrual status is reversed against interest income. Interest received on such loans is accounted for on the cash basis or cost recovery method until qualifying for return to accrual status. Loans are returned to accrual status when payments are made that bring the loan account less than 92 days delinquent. Interest on impaired loans considered troubled debt restructurings ( TDRs ) that are not 91 days delinquent is recognized as income as it accrues based on the revised terms of the loan over an established period of continued payment.

Real estate loans and open ended consumer loans are charged off to estimated net realizable value less estimated selling costs at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes greater than 180 days past due. Closed end consumer loans are charged off to net realizable value at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes greater than 120 days past due.

**Allowance for Loan Losses** The allowance for loan losses ( ALL ) is a valuation allowance for probable and inherent credit losses in the portfolio. Loan losses are charged against the ALL when management believes that the collectability of a loan balance is unlikely. Subsequent recoveries, if any, are credited to the ALL. Management estimates the ALL balance required using past loan loss experience; the nature, volume and composition of the loan portfolio; known and inherent risks in the portfolio; information about specific borrowers' ability to repay; estimated collateral values; current economic conditions; and other relevant factors. The ALL consists of specific and general components. The specific component relates to loans that are individually classified as impaired. The general component covers non-impaired loans and is based on historical loss experience adjusted for certain qualitative factors. The entire ALL balance is available for any loan that, in management's judgment, should be charged off.

A loan is impaired when full payment under the loan terms is not expected. TDRs are individually evaluated for impairment. See Note 3 Loans, Allowance for Loan Losses and Impaired Loans for information on what we consider to be a TDR. If a loan is impaired, a specific allowance is established so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the underlying collateral of the loan. Large groups of smaller balance homogeneous loans, such as non-TDR consumer and residential real estate loans are collectively evaluated for impairment, and accordingly, are not separately identified for impairment disclosures.

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**Foreclosed and Repossessed Assets** Assets acquired through, or instead of loan foreclosure, are initially recorded at fair value, less estimated costs to sell, which establishes a new cost basis. If the fair value declines subsequent to foreclosure or repossession, a valuation allowance is recorded through expense. Costs incurred after acquisition are expensed, and included in Non-interest Expense, Other on the consolidated statement of operations. Foreclosed and repossessed asset balances were \$1,126 and \$1,360 at March 31, 2012 and September 30, 2011, respectively.

**Income Taxes** The Company accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes. Under this guidance, deferred taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date. See Note 6 for details on the Company's income taxes.

The Company regularly reviews the carrying amount of its net deferred tax assets to determine if the establishment of a valuation allowance is necessary. If based on the available evidence, it is more likely than not that all or a portion of the Company's net deferred tax assets will not be realized in future periods, a deferred tax valuation allowance would be established. Consideration is given to various positive and negative factors that could affect the realization of the deferred tax assets. In evaluating this available evidence, management considers, among other things, historical performance, expectations of future earnings, the ability to carry back losses to recoup taxes previously paid, the length of statutory carry forward periods, any experience with utilization of operating loss and tax credit carry forwards not expiring, tax planning strategies and timing of reversals of temporary differences. Significant judgment is required in assessing future earnings trends and the timing of reversals of temporary differences. The Company's evaluation is based on current tax laws as well as management's expectations of future performance.

**Earnings Per Share** Basic earnings per common share is net income or loss divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share include the dilutive effect of additional potential common shares issuable during the period, consisting of stock options outstanding under the Company's stock incentive plan.

**Reclassifications** Certain items previously reported were reclassified for consistency with the current presentation.

**Adoption of New Accounting Standards** In June 2011, the FASB issued Accounting Standards Update (ASU) 2011-05, *Presentation of Comprehensive Income*. ASU 2011-05 requires the presentation of comprehensive income in either a single continuous financial statement or two separate, but consecutive financial statements. ASU 2011-05 also includes a provision requiring the presentation of reclassification adjustments from other comprehensive income to net income on the face of the financial statements. In December 2011, the FASB issued ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* which deferred this requirement in order to allow the FASB more time to determine whether reclassification adjustments should be required to be presented on the face of the financial statements. For public entities, ASUs 2011-05 and 2011-12 are effective for fiscal years, and interim periods beginning after December 15, 2011, and are required to be applied retrospectively. Early adoption is permitted. The Company has adopted ASUs 2011-05 and 2011-12 effective October 31, 2011, electing to present a consolidated statement of comprehensive income or loss separate from, but consecutive to, its statement of operations. The adoption of ASUs 2011-05 and 2011-12 had no material effect on the Company's results of operations, financial position or cash flows.

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In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. The amended guidance does not modify the requirements for when fair value measurements apply, rather it generally represents clarifications on how to measure and disclose fair value under Topic 820, *Fair Value Measurement*. Respective disclosure requirements are essentially the same. However, some of the specific amendments address the application of existing fair value measurement requirements. Other specific amendments change a particular principal or requirement for measuring fair value, or for disclosing information about fair value measurements. ASU 2011-04 is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. This guidance is effective prospectively for annual and interim periods beginning after December 15, 2011. The Company adopted this guidance effective January 1, 2012. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In April 2011, the FASB issued ASU 2011-03, *Transfers and Servicing (Topic 860); Reconsideration of Effective Control for Repurchase Agreements*. Under the amended guidance, a transferor maintains effective control over transferred financial assets if there is an agreement between both entities which obligates the transferor to repurchase the financial assets before maturity. In addition, the following requirements must be met: (a) the financial asset to be repurchased or redeemed is the same or substantially the same as that transferred, (b) the agreement is to repurchase or redeem the transferred financial asset before maturity at a fixed or determinable price, and (c) the agreement is entered into contemporaneously with, or in contemplation of the transfer. This guidance is effective prospectively for transactions, or modifications of existing transactions, that occur on or after the first interim or annual period beginning on or after December 15, 2011. The Company adopted this guidance effective October 1, 2011. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

**NOTE 2 FAIR VALUE ACCOUNTING**

ASC Topic 820-10, *Fair Value Measurements and Disclosures* establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The statement describes three levels of inputs that may be used to measure fair value:

Level 1- Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access as of the measurement date.

Level 2- Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3- Significant unobservable inputs that reflect the Company's assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the fair value measurement.

The fair value of securities available for sale is determined by obtaining market price quotes from independent third parties wherever such quotes are available (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). Where such quotes are not available, the Company utilizes independent third party valuation analyses to support the Company's estimates and judgments in determining fair value (Level 3 inputs).

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**Assets Measured on a Recurring Basis**

The following tables present the financial instruments measured at fair value on a recurring basis as of March 31, 2012 and September 30, 2011:

&nbsp;