

Cheviot Financial Corp.
Form 10-Q
November 12, 2014

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 September 30, 2014

OR

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

For the transition period from _____ to _____

Commission File No. 0-50529

CHEVIOT FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or
organization)

90-0789920
(I.R.S. Employer
Identification Number)

3723 Glenmore Avenue, Cincinnati, Ohio 45211
(Address of principal executive office)

Registrant's telephone number, including area code: (513) 661-0457

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one.)

Large accelerated filer Accelerated filer Non-accelerated filer

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Small business issuer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 12, 2014, the latest practicable date, 6,707,803 shares of the registrant's common stock, \$.01 par value, were issued and outstanding.

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

Yes No

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Cheviot Financial Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)

	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Cash and due from banks	\$ 7,150	\$ 14,129
Federal funds sold	4,493	3,340
Interest-earning deposits in other financial institutions	4,655	4,643
Cash and cash equivalents	16,298	22,112
Investment securities available for sale – at fair value	144,289	153,942
Mortgage-backed securities available for sale - at fair value	17,902	9,361
Mortgage-backed securities held to maturity - at cost, approximate market value of \$2,872 and \$3,230 at September 30, 2014 and December 31, 2013, respectively	2,769	3,116
Loans receivable - net	334,434	336,134
Loans held for sale - at lower of cost or market	765	703
Real estate acquired through foreclosure - net	2,276	3,284
Office premises and equipment - at depreciated cost	11,008	11,505
Federal Home Loan Bank stock - at cost	8,651	8,651
Accrued interest receivable on loans	1,046	1,173
Accrued interest receivable on mortgage-backed securities	55	23
Accrued interest receivable on investments and interest-earning deposits	631	775
Goodwill	10,309	10,309
Core deposit intangible	425	540
Prepaid expenses and other assets	4,238	3,537
Bank-owned life insurance	15,844	15,733
Prepaid federal income taxes	267	1,284
Deferred federal income taxes	1,626	4,928
Total assets	\$ 572,833	\$ 587,110
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits	\$ 455,805	\$ 469,387
Advances from the Federal Home Loan Bank	15,444	19,261
Advances by borrowers for taxes and insurance	1,703	2,357
Accrued interest payable	60	71
Accounts payable and other liabilities	5,068	5,107

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Total liabilities	478,080		496,183
Shareholders' equity			
Preferred stock - authorized 5,000,000 shares, \$.01 par value; none issued			
Common stock - authorized 30,000,000 shares, \$.01 par value; 6,707,803 and 6,834,803 shares issued at September 30, 2014 and December 31, 2013	76		76
Additional paid-in capital	55,820		57,215
Shares acquired by stock benefit plans	(1,545)	(1,574)
Retained earnings - restricted	42,857		42,439
Accumulated comprehensive loss, unrealized losses on securities available for sale, net of related tax benefit	(2,455)	(7,229)
Total shareholders' equity	94,753		90,927
Total liabilities and shareholders' equity	\$ 572,833	\$	587,110

See accompanying notes to consolidated financial statements.

Cheviot Financial Corp.

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(In thousands, except per share data)

	Nine months ended September 30,		Three months ended September 30,	
	2014	2013	2014	2013
Interest income				
Loans	\$ 11,063	\$ 11,840	\$ 3,619	\$ 3,822
Mortgage-backed securities	199	136	87	54
Investment securities	2,326	2,357	778	712
Interest-earning deposits and other	267	290	89	94
Total interest income	13,855	14,623	4,573	4,682
Interest expense				
Deposits	2,279	2,780	741	894
Borrowings	413	548	127	171
Total interest expense	2,692	3,328	868	1,065
Net interest income	11,163	11,295	3,705	3,617
Provision for losses on loans	810	925	255	585
Net interest income after provision for losses on loans	10,353	10,370	3,450	3,032
Other income				
Rental	80	97	24	24
Gain on sale of real estate acquired through foreclosure	84	36	59	(32)
Loss on sale of office premises and equipment	-	(255)	-	-
Gain on sale of loans	414	434	247	9
Gain on sale of investment securities designated as available-for-sale	795	-	74	-
Earnings on bank-owned life insurance	349	362	116	121
Service fee income	1,171	1,125	399	388
Other operating	8	200	4	1
Total other income	2,901	1,999	923	511
General, administrative and other expense				
Employee compensation and benefits	4,288	4,760	1,406	1,437
Occupancy and equipment	1,080	1,236	348	405
Property, payroll and other taxes	840	1,058	271	331
Data processing	479	452	160	153
Legal and professional	638	660	174	167
Advertising	225	225	75	75

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FDIC expense	308	338	92	120
ATM processing expense	282	289	99	104
Real estate owned impairment	547	448	54	192
Core deposit intangible amortization	115	159	34	47
Other operating	1,250	1,336	349	547
Total general, administrative and other expense	10,052	10,961	3,062	3,578
Earnings before income taxes	3,202	1,408	1,311	(35)
Federal income taxes (benefit)				
Current	116	(246)	(29)	(138)
Deferred	843	577	438	82
Total federal income taxes	959	331	409	(56)
NET EARNINGS	\$2,243	\$1,077	\$902	\$21
EARNINGS PER SHARE				
Basic	\$.34	\$.15	\$.14	\$.00
Diluted	\$.34	\$.15	\$.14	\$.00
Dividends per common share	\$.27	\$.27	\$.09	\$.09

See accompanying notes to consolidated financial statements.

Cheviot Financial Corp.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

For the nine and three months ended September 30, 2014 and 2013

(In thousands)

	For the nine months ended September 30,		For the three months ended September 30,	
	2014	2013	2014	2013
Net earnings for the period	\$2,243	\$1,077	\$902	\$21
Other comprehensive income (loss), net of tax expense (benefit):				
Unrealized holding gains (losses) on securities during the period, net of tax (benefits) expense of \$2,459 and \$(2,805) for the nine months ended September 30, 2014 and 2013, respectively, and \$38 and \$8 for the three months ended September 30, 2014 and 2013, respectively	4,774	(5,445)) 75	16
Comprehensive income (loss)	\$7,017	\$(4,368)) \$977	\$37
Accumulated comprehensive loss	\$(2,455)) \$(4,845)) \$(2,455)) \$(4,845)

See accompanying notes to consolidated financial statements.

Cheviot Financial Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the nine months ended September 30, 2014 and 2013

(In thousands)

	2014	2013
Cash flows from operating activities:		
Net earnings for the period	\$2,243	\$1,077
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Amortization of premiums and discounts on investment and mortgage-backed securities, net	(11)	(20)
Depreciation	538	573
Charitable donation of real estate owned property	-	32
Amortization of deferred loan origination costs - net	47	(27)
Amortization of intangible assets	115	159
Amortization of fair value adjustments	(341)	(605)
Proceeds from sale of loans in the secondary market	17,230	33,258
Loans originated for sale in the secondary market	(17,746)	(36,953)
Gain on sale of loans	(414)	(434)
Gain on sale of real estate acquired through foreclosure	(80)	(36)
Impairment on real estate acquired through foreclosure	557	448
Loss on sale of office premises and equipment	-	255
Gain on sale of investment securities designated as available-for-sale	(795)	-
Net increase in cash surrender value of bank-owned life insurance	(348)	(363)
Amortization of expense related to stock benefit plans	45	40
Provision for losses on loans	810	925
Increase (decrease) in cash due to changes in:		
Accrued interest receivable on loans	127	94
Accrued interest receivable on mortgage-backed securities	(32)	(5)
Accrued interest receivable on investments and interest earning deposits	144	430
Prepaid expenses and other assets	(701)	1,174
Accrued interest payable	(11)	(15)
Accounts payable and other liabilities	(113)	(1,505)
Federal income taxes		
Current	1,017	(241)
Deferred	843	577
Net cash provided by (used in) operating activities	3,124	(1,162)
Cash flows provided by (used in) investing activities:		
Principal repayments on loans	49,779	53,292
Loan disbursements	(48,501)	(48,850)
Purchase of investment securities – available for sale	(14,978)	(80,928)
Proceeds from maturity of investment securities – available for sale	30,000	106,175
Purchase of corporate securities	-	(1,920)

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Proceeds from the sale of corporate securities	2,715	-
Purchase of mortgage-backed securities – available for sale	(10,095)	(4,977)
Principal repayments on mortgage-backed securities – available for sale	1,509	1,136
Principal repayments on mortgage-backed securities – held to maturity	347	360
Proceeds from sale of real estate acquired through foreclosure	1,034	1,662
Additions to real estate acquired through foreclosure	-	(7)
Proceeds from bank-owned life insurance	237	-
Proceeds from sale of office premises and equipment	-	1,167
Purchase of office premises and equipment	(41)	(1,211)
Net cash provided by investing activities	12,006	25,899
Cash flows provided by (used in) financing activities:		
Net decrease in deposits	(13,304)	(18,736)
Repayments on Federal Home Loan Bank advances	(3,750)	(4,142)
Advances by borrowers for taxes and insurance	(654)	(660)
Stock option expense, net	39	17
Common stock repurchased	(1,450)	(8,560)
Dividends paid on common stock	(1,825)	(1,897)
Net cash used in financing activities	(20,944)	(33,978)
Net decrease in cash and cash equivalents	(5,814)	(9,241)
Cash and cash equivalents at beginning of period	22,112	25,114
Cash and cash equivalents at end of period	\$16,298	\$15,873

See accompanying notes to consolidated financial statements.

Cheviot Financial Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

For the nine months ended September 30, 2014 and 2013
(In thousands)

	2014	2013
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Federal income taxes	\$-	\$-
Interest on deposits and borrowings	\$2,703	\$3,343
Supplemental disclosure of noncash investing activities:		
Transfer of loans to real estate acquired through foreclosure	\$503	\$2,352
Recognition of mortgage servicing rights	\$104	\$242
Deferred gain on real estate acquired through foreclosure	\$4	\$7
See accompanying notes to consolidated financial statements.		

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2014 and 2013

1. Basis of Presentation

Cheviot Financial Corp. (“Cheviot Financial” or the “Corporation”) is a savings and loan holding company, the principal asset of which consists of its ownership of Cheviot Savings Bank (the “Savings Bank”). The Savings Bank conducts a general banking business in southwestern Ohio which consists of attracting deposits and applying those funds primarily to the origination of real estate loans. The Savings Bank’s profitability is significantly dependent on net interest income, which is the difference between interest income from interest-earning assets and the interest expense paid on interest-bearing liabilities. Net interest income is affected by the relative amount of interest-earning assets and interest-bearing liabilities and the interest received or paid on these balances.

On January 18, 2012, Cheviot Financial completed a second step reorganization and sale of common stock. Prior to the completion of the second step conversion, Cheviot Financial was a federal corporation and mid-tier holding company. Following the reorganization Cheviot Financial is a Maryland corporation and the holding company of the Savings Bank.

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. Accordingly, these consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Cheviot Financial included in the Annual Report on Form 10-K for the year ended December 31, 2013. However, in the opinion of management, all adjustments (consisting of only normal recurring accruals) which are necessary for a fair presentation of the consolidated financial statements have been included. The results of operations for the three or nine month period ended September 30, 2014 are not necessarily indicative of the results which may be expected for the entire year.

Cheviot Financial evaluates subsequent events through the date of filing with the Securities and Exchange Commission.

2. Principles of Consolidation

The accompanying consolidated financial statements as of and for the three and nine months ended September 30, 2014 and 2013 include the accounts of the Corporation and its wholly-owned subsidiary, the Savings Bank. All significant intercompany items have been eliminated.

3. Liquidity and Capital Resources

Liquidity describes the ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of customers and to fund current and planned expenditures. The Corporation’s primary sources of funds are deposits, scheduled amortization and prepayments of loan principal and mortgage-backed securities, maturities and calls of securities and funds provided by

operations. In addition, the Corporation may borrow from the Federal Home Loan Bank of Cincinnati. At September 30, 2014 and December 31, 2013, the Corporation had \$15.4 million and \$19.3 million, respectively, in outstanding borrowings from the Federal Home Loan Bank of Cincinnati and had the capacity to increase such borrowings at those dates by approximately \$132.8 million and \$121.1 million, respectively.

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended September 30, 2014 and 2013

3. Liquidity and Capital Resources (continued)

Loan repayments and maturing securities are a relatively predictable source of funds. However, deposit flows, calls of securities and prepayments of loans and mortgage-backed securities are strongly influenced by interest rates, general and local economic conditions and competition in the marketplace. These factors reduce the predictability of these sources of funds.

The Corporation's primary investing activities are the origination of one- to four-family real estate loans, commercial real estate, construction and consumer loans, and the purchase of securities. For the nine months ended September 30, 2014, loan originations including amounts sold in the secondary market totaled \$66.2 million, compared to \$85.8 million for the nine months ended September 30, 2013.

Total deposits decreased \$13.6 million during the nine months ended September 30, 2014, while total deposits decreased \$19.2 million during the nine months ended September 30, 2013. Deposit flows are affected by the level of interest rates, the interest rates and products offered by competitors and other factors.

The following table sets forth information regarding the Corporation's obligations and commitments to make future payments under contracts as of September 30, 2014.

	Less than 1 year (In thousands)	Payments due by period			Total
		More than 1-3 years	More than 3-5 years	More than 5 years	
Contractual obligations:					
Advances from the Federal Home Loan Bank	\$632	\$11,051	\$1,451	\$2,310	\$15,444
Certificates of deposit	126,189	62,524	26,442	135	215,290
Lease obligations	123	198	122	159	602
Purchase of leased facility	575	-	-	-	575
Amount of loan commitments and expiration per period:					
Commitments to originate one- to four-family loans					
Home equity lines of credit	1,354	-	-	-	1,354
Commercial lines of credit	26,529	-	-	-	26,529
Undisbursed loans in process	1,153	-	-	-	1,153
	5,289	-	-	-	5,289
Total contractual obligations	\$161,844	\$73,773	\$28,015	\$2,604	\$266,236

Cheviot Financial is committed to maintaining a strong liquidity position and management monitors the Corporation's liquidity position on a daily basis. The Corporation anticipates that it will have sufficient funds to meet current funding commitments. Based on deposit retention experience and current pricing strategy, it's anticipated that a significant portion of maturing time deposits will be retained.

At September 30, 2014 and 2013, we exceeded all of the applicable regulatory capital requirements. Core (Tier 1) capital was \$79.2 million and \$77.9 million, or 14.1% and 13.5% of total assets at September 30, 2014 and 2013, respectively. In order to be classified as "well-capitalized" under federal banking regulations, the Savings Bank was required to have core capital of at least \$34.4 million, or 6.0% of assets as of September 30, 2014. To be classified as a well-capitalized bank, the Savings Bank must also have a ratio of total risk-based capital to risk-weighted assets of at least 10.0%. At September 30, 2014 and 2013, the Savings Bank had a total risk-based capital ratio of 25.6% and 25.5%, respectively.

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2014 and 2013

4. Earnings Per Share

Basic earnings per share is computed based upon the weighted-average common shares outstanding during the period, less shares in the ESOP that are unallocated and not committed to be released plus shares in the ESOP that have been allocated. Weighted-average common shares deemed outstanding gives effect to 168,300 and 208,251 unallocated shares held by the ESOP for the nine months ended September 30, 2014 and 2013, respectively.

	For the nine months ended September 30,		For the three months ended September 30,	
	2014	2013	2014	2013
Weighted-average common shares outstanding (basic)	6,599,772	6,942,409	6,539,499	6,628,648
Dilutive effect of assumed exercise of stock options	65,168	6,798	62,530	6,819
Weighted-average common shares outstanding (diluted)	6,664,940	6,949,207	6,602,029	6,635,467

5. Stock Option Plan

On April 23, 2013, the Corporation approved a Stock Incentive Plan. During the nine months ended September 30, 2014, 400,000 stock options were granted subject to a five year vesting period.

The Corporation follows FASB Accounting Standard Codification Topic 718 (ASC 718), "Compensation – Stock Compensation," for its stock option plans, and accordingly, the Corporation recognizes the expense of these grants as required. Stock-based employee compensation costs pertaining to stock options is reflected as a net increase in equity, for both any new grants, as well as for all unvested options outstanding at December 31, 2005, in both cases using the fair values established by usage of the Black-Scholes option pricing model, expensed over the vesting period of the underlying option.

The Corporation elected the modified prospective transition method in applying ASC 718. Under this method, the provisions of ASC 718 apply to all awards granted or modified after the date of adoption, as well as for all unvested options outstanding at December 31, 2005. The compensation cost recorded for unvested equity-based awards is based on their grant-date fair value. For the nine months ended September 30, 2014, the Corporation recorded \$29,000 in after-tax compensation cost for equity-based awards that vested during the nine months ended September 30, 2014. The Corporation has \$609,000 unrecognized pre-tax compensation cost related to non-vested equity-based awards granted under its stock incentive plan as of September 30, 2014, which is expected to be recognized over a weighted-average vesting period of approximately 2.1 years.

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended September 30, 2014 and 2013

5. Stock Option Plan (continued)

A summary of the status of the Corporation's stock options plan as of September 30, 2014 and the year ended December 31, 2013 as well as the changes during the period then ended are presented below:

	Nine months ended September 30, 2014		Year ended December 31, 2013	
	Shares	Weighted- average exercise price	Shares	Weighted- average exercise price
Outstanding at beginning of period	369,939	\$ 12.80	370,339	\$ 12.80
Granted	400,000	12.48	-	-
Exercised	-	-	-	-
Forfeited	-	-	(400)	8.30
Outstanding at end of period	769,939	\$ 12.63	369,939	\$ 12.80
Options exercisable at period-end	363,791	\$ 12.74	359,177	\$ 12.91
Options expected to be exercisable at year-end	363,791		359,177	
Fair value of options granted		1.56		NA

The following information applies to options outstanding at September 30, 2014:

Number outstanding	769,939
Exercise price	\$8.30 - \$15.90
Weighted-average exercise price	\$12.63
Weighted-average remaining contractual life	5.6 years

The expected term of options is based on evaluations of historical and expected future employee exercise behavior. The risk free interest rate is based upon the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based upon the historical volatility of the Corporation's stock.

The fair value of each option granted is estimated on the date of the grant using the modified Black-Scholes options-pricing model with the following weighted-average assumptions used for the grant during 2014, dividend

yield of 2.88%; expected volatility of 14.25%; risk-free interest rates of 2.55%; and expected lives of 10 years.

The effects of expensing stock options are reported in “cash provided by financing activities” in the Consolidated Statements of Cash Flows.

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended September 30, 2014 and 2013

6. Investment and Mortgage-backed Securities

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of investment securities at September 30, 2014 and December 31, 2013 are shown below.

	September 30, 2014			
	Amortized cost	Gross unrealized gains (In thousands)	Gross unrealized losses	Estimated fair value
Available for Sale:				
U.S. Government agency securities	\$145,077	\$13	\$3,988	\$141,102
Municipal obligations	3,033	154	-	3,187
	\$148,110	\$167	\$3,988	\$144,289
	December 31, 2013			
	Amortized cost	Gross unrealized gains (In thousands)	Gross unrealized losses	Estimated fair value
Available for Sale:				
U.S. Government agency securities	\$160,063	\$-	\$11,714	\$148,349
Municipal obligations	3,035	83	103	3,015
Corporate securities	1,920	658	-	2,578
	\$165,018	\$741	\$11,817	\$153,942

Unrealized gross gains and losses on investments and mortgage backed securities are shown on the Corporation's consolidated financial as an adjustment to shareholders' equity.

The amortized cost of investment securities at September 30, 2014, by contractual term to maturity, are shown below.

	September 30, 2014 (In thousands)
Less than one year	\$ 12,991
One to five years	42,941
Five to ten years	72,205
More than ten years	19,973
	\$ 148,110

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended September 30, 2014 and 2013

6. Investment and Mortgage-backed Securities (continued)

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of mortgage-backed securities at September 30, 2014 and December 31, 2013 are shown below.

	Amortized cost	September 30, 2014 Gross unrealized holding gains (In thousands)	Gross unrealized holding losses	Estimated fair value
Available for sale:				
Federal Home Loan Mortgage Corporation adjustable-rate participation certificates	\$10,259	\$26	\$39	\$10,246
Federal National Mortgage Association adjustable-rate participation certificates	5,254	46	2	5,298
Government National Mortgage Association adjustable-rate participation certificates	2,288	70	-	2,358
	\$17,801	\$142	\$41	\$17,902
Held to maturity:				
Federal Home Loan Mortgage Corporation adjustable-rate participation certificates	\$212	\$6	\$-	\$218
Federal National Mortgage Association adjustable-rate participation certificates	157	2	-	159
Government National Mortgage Association adjustable-rate participation certificates	2,400	95	-	2,495
	\$2,769	\$103	\$-	\$2,872
	Amortized cost	December 31, 2013 Gross unrealized holding gains (In thousands)	Gross unrealized holding losses	Estimated fair value
Available for sale:				
Federal Home Loan Mortgage Corporation adjustable-rate participation certificates	\$677	\$34	\$1	\$710
	5,940	40	36	5,944

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Federal National Mortgage Association adjustable-rate participation certificates				
Government National Mortgage Association adjustable-rate participation certificates	2,622	85	-	2,707
	\$9,239	\$159	\$37	\$9,361

Cheviot Financial Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended September 30, 2014 and 2013

6. Investment and Mortgage-backed Securities (continued)

	Amortized cost	December 31, 2013 Gross unrealized holding gains Gross unrealized holding losses (In thousands)		Estimated fair value
Held to maturity:				
Federal Home Loan Mortgage Corporation adjustable-rate participation certificates	\$253	\$8	\$-	\$261
Federal National Mortgage Association adjustable-rate participation certificates	212	6	-	218
Government National Mortgage Association adjustable-rate participation certificates	2,651	100	-	