

<i>December 31, 2012</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	\$ 246	\$ -	\$ -	\$ 246
U.S. agency securities	1,305	107	-	1,412
State and municipal securities	8,732	315	(19)	9,028
Mortgage-backed securities	16,477	602	(28)	17,051
Collateralized mortgage obligations	8,334	158	(1)	8,491
	\$ 35,094	\$ 1,182	\$ (48)	\$ 36,228

All state and municipal securities undergo an initial and ongoing credit analysis. The analysis includes the review of various financial and demographic information. All municipal securities have a minimum evaluation rating of investment grade. All mortgage-backed securities and collateralized mortgage obligations are issued by government-sponsored enterprises (GSE) or by the Government National Mortgage Association (GNMA). GSE securities carry an implied U.S. Government guarantee and the GSE guarantees the timely payment of principal and interest. GNMA carries the full faith and credit guarantee of the U.S. Government.

Gross gains totaling \$63,000 and \$-0- were realized on the sale or call of securities in 2013 and 2012, respectively. There were no gross losses in 2013 and 2012.

The amortized cost and fair value of securities as of December 31, 2013, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the securities may be called or prepaid with or without any penalty (in thousands):

	Book Amortized Cost	Market Fair Value
Due in one year or less	\$ 250	\$ 255
Due after one year through five years	3,540	3,631
Due after five years through ten years	5,638	5,497
Due after ten years	3,423	3,379
Mortgage-backed securities	20,891	20,889
Collateralized mortgage obligations	5,498	5,552
	\$ 39,240	\$ 39,203