

GREENE COUNTY BANCORP INC
Form 10QSB
May 14, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OF 15(d) OF THE SECURITIES AND EXCHANGE ACT OF
1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008

OR

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

GREENE COUNTY BANCORP, INC.

(Exact name of small business issuer as specified in its charter)

Commission file number 0-25165

United States
(State or other jurisdiction of incorporation or organization)

14-1809721
(I.R.S. Employer Identification Number)

302 Main Street, Catskill, New York
(Address of principal executive office)

12414
(Zip code)

Registrant's telephone number, including area code: (518) 943-2600

Check 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes: No:

As of May 13, 2008, the registrant had 4,305,670 shares of common stock issued at \$ 0.10 par value, and 4,094,528 shares were outstanding.

Transitional Small Business Disclosure

Format: Yes: No:

GREENE COUNTY BANCORP, INC.

INDEX

PART I. FINANCIAL INFORMATION

| | Page |
|--|-------------|
| Item 1. Financial Statements | |
| * Consolidated Statements of Financial Condition | <u>3</u> |
| * Consolidated Statements of Income | <u>4-5</u> |
| * Consolidated Statements of Comprehensive Income | <u>6</u> |
| * Consolidated Statements of Changes in Shareholders' Equity | <u>7</u> |
| * Consolidated Statements of Cash Flows | <u>8</u> |
| * Notes to Consolidated Financial Statements | <u>9-15</u> |

| | |
|---|--------------|
| Item 2. Management's Discussion and Analysis or Plan of Operation | <u>16-29</u> |
|---|--------------|

| | |
|---------------------------------|-----------|
| Item 3. Controls and Procedures | <u>30</u> |
|---------------------------------|-----------|

PART II. OTHER INFORMATION

| | |
|---------------------------|-----------|
| Item 1. Legal Proceedings | <u>31</u> |
|---------------------------|-----------|

| | |
|---|-----------|
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | <u>31</u> |
|---|-----------|

| | |
|---|-----------|
| Item 3. Defaults Upon Senior Securities | <u>31</u> |
|---|-----------|

| | |
|---|-----------|
| Item 4. Submission of Matters to a Vote of Security Holders | <u>31</u> |
|---|-----------|

| | |
|---------------------------|-----------|
| Item 5. Other Information | <u>31</u> |
|---------------------------|-----------|

| | |
|------------------|-----------|
| Item 6. Exhibits | <u>31</u> |
|------------------|-----------|

| | |
|---|--------------|
| Signatures | <u>32-36</u> |
| Exhibit 31.1 302 Certification of Chief Executive Officer | <u>33</u> |
| Exhibit 31.2 302 Certification of Chief Financial Officer | <u>34</u> |
| Exhibit 32.1 906 Statement of Chief Executive Officer | <u>35</u> |
| Exhibit 32.2 906 Statement of Chief Financial Officer | <u>36</u> |

Part I. Item 1.

Greene County Bancorp, Inc.
 Consolidated Statements of Financial Condition
 As of March 31, 2008 and June 30, 2007
 (Unaudited)
 (In thousands, except share and per share amounts)

| | March 31, 2008 | June 30, 2007 |
|---|-------------------|------------------|
| ASSETS | | |
| Cash and due from banks | \$ 8,960 | \$ 11,127 |
| Federal funds sold | 15,426 | 2,899 |
| Total cash and cash equivalents | 24,386 | 14,026 |
| Securities available for sale, at fair value | 90,349 | 87,184 |
| Securities held to maturity, at amortized cost | 16,753 | --- |
| Federal Home Loan Bank stock, at cost | 1,287 | 657 |
| Loans | 230,521 | 208,705 |
| Less: Allowance for loan losses | (1,803) | (1,486) |
| Unearned origination fees and costs, net | 117 | 61 |
| Net loans receivable | 228,835 | 207,280 |
| Premises and equipment | 15,204 | 13,712 |
| Accrued interest receivable | 2,145 | 1,955 |
| Prepaid expenses and other assets | 642 | 1,012 |
| Total assets | \$ 379,601 | \$ 325,826 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Noninterest bearing deposits | \$ 41,294 | \$ 44,020 |
| Interest bearing deposits | 280,773 | 240,156 |
| Total deposits | 322,067 | 284,176 |
| Borrowings from FHLB | 19,000 | 5,000 |
| Accrued expenses and other liabilities | 1,703 | 1,235 |
| Total liabilities | 342,770 | 290,411 |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, | | |
| Authorized 1,000,000 shares; none issued | --- | --- |
| Common stock, par value \$.10 per share; | | |
| Authorized: 12,000,000 shares | | |
| Issued: 4,305,670 shares | | |
| Outstanding: 4,110,388 shares at March 31, 2008 | | |
| and 4,151,066 shares at June 30, 2007; | 431 | 431 |
| Additional paid-in capital | 10,253 | 10,319 |
| Retained earnings | 26,628 | 25,962 |
| Accumulated other comprehensive income (loss) | 928 | (400) |
| Treasury stock, at cost 195,282 shares at March 31, | | |
| 2008, and 154,604 shares at June 30, 2007 | (1,380) | (828) |

Edgar Filing: GREENE COUNTY BANCORP INC - Form 10QSB

| | | |
|--|------------|------------|
| Unearned ESOP shares, at cost | (29) | (69) |
| Total shareholders' equity | 36,831 | 35,415 |
| Total liabilities and shareholders' equity | \$ 379,601 | \$ 325,826 |

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
 Consolidated Statements of Income
 For the Nine Months Ended March 31, 2008 and 2007
 (Unaudited)

(In thousands, except share and per share amounts)

| | 2008 | 2007 |
|--|---------------|---------------|
| Interest income: | | |
| Loans | \$ 10,922 | \$ 9,835 |
| Investment securities – taxable | 916 | 487 |
| Mortgage-backed securities | 1,416 | 1,079 |
| Tax exempt securities | 804 | 833 |
| Interest bearing deposits and federal funds sold | 341 | 297 |
| Total interest income | 14,399 | 12,531 |
| Interest expense: | | |
| Interest on deposits | 5,420 | 4,514 |
| Interest on borrowings | 237 | 139 |
| Total interest expense | 5,657 | 4,653 |
| Net interest income | 8,742 | 7,878 |
| Provision for loan losses | 449 | 194 |
| Net interest income after provision for loan losses | 8,293 | 7,684 |
| Noninterest income: | | |
| Service charges on deposit accounts | 2,006 | 1,566 |
| Debit card fees | 581 | 436 |
| | 255 | 201 |

| | | | |
|---|-----------|----|-----------|
| Investment services | | | |
| Gain on sale of premises and equipment | --- | | 257 |
| Other operating income | 561 | | 474 |
| Total noninterest income | 3,403 | | 2,934 |
| Noninterest expense: | | | |
| Salaries and employee benefits | 4,776 | | 4,339 |
| Occupancy expense | 725 | | 589 |
| Equipment and furniture expense | 631 | | 632 |
| Service and data processing fees | 821 | | 719 |
| Computer supplies and support | 237 | | 194 |
| Office supplies | 157 | | 149 |
| Other | 1,689 | | 1,369 |
| Total noninterest expense | 9,036 | | 7,991 |
| Income before provision for income taxes | 2,660 | | 2,627 |
| Provision for income taxes | 781 | | 737 |
| Net income | \$ 1,879 | \$ | 1,890 |
| Basic EPS | \$ 0.45 | \$ | 0.46 |
| Basic shares outstanding | 4,131,089 | | 4,122,500 |
| Diluted EPS | \$ 0.45 | \$ | 0.45 |
| Diluted average shares outstanding | 4,171,626 | | 4,192,002 |
| Dividends per share | \$ 0.54 | \$ | 0.48 |
| See notes to consolidated financial statements. | | | |

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Three Months Ended March 31, 2008 and 2007
(Unaudited)

(Dollars in thousands, except per share amounts)

| | 2008 | 2007 |
|--|--------------|--------------|
| Interest income: | | |
| Loans | \$ 3,708 | \$ 3,353 |
| Investment securities – taxable | 412 | 167 |
| Mortgage-backed securities | 548 | 328 |
| Tax exempt securities | 265 | 282 |
| Interest bearing deposits and federal funds sold | 85 | 107 |
| Total interest income | 5,018 | 4,237 |
| Interest expense: | | |
| Interest on deposits | 1,694 | 1,592 |
| Interest on borrowings | 144 | 46 |
| Total interest expense | 1,838 | 1,638 |
| Net interest income | 3,180 | 2,599 |
| Provision for loan losses | 171 | 83 |
| Net interest income after provision for loan losses | 3,009 | 2,516 |
| Noninterest income: | | |
| Service charges on deposit accounts | 679 | 509 |
| Debit card fees | 194 | 146 |
| | 68 | 38 |

| | | |
|--------------------------|-------|-----|
| Investment services | | |
| Other operating income | 206 | 147 |
| Total noninterest income | 1,147 | 840 |

| | | |
|----------------------------------|-------|-------|
| Noninterest expense: | | |
| Salaries and employee benefits | 1,668 | 1,549 |
| Occupancy expense | 267 | 236 |
| Equipment and furniture expense | 207 | 236 |
| Service and data processing fees | 296 | 245 |
| Computer supplies and support | 79 | 76 |
| Office supplies | 73 | 69 |
| Other | 592 | 486 |
| Total noninterest expense | 3,182 | 2,897 |

| | | |
|--|--------|--------|
| Income before provision for income taxes | 974 | 459 |
| Provision for income taxes | 290 | 80 |
| Net income | \$ 684 | \$ 379 |

| | | |
|------------------------------------|-----------|-----------|
| Basic EPS | \$ 0.17 | \$ 0.09 |
| Basic shares outstanding | 4,118,958 | 4,127,946 |
| Diluted EPS | \$ 0.16 | \$ 0.09 |
| Diluted average shares outstanding | 4,149,745 | 4,195,761 |
| Dividends per share | \$ 0.15 | \$ 0.25 |

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
 Consolidated Statements of Comprehensive Income
 For the Nine Months Ended March 31, 2008 and 2007
 (Unaudited)
 (In thousands)

| | 2008 | 2007 |
|---|---------|---------|
| Net income | \$1,879 | \$1,890 |
| Other comprehensive income: | | |
| Unrealized holding gain arising during the nine months ended March 31, 2008 and 2007, net of income tax expense of \$841 and \$381, respectively. | 1,328 | 595 |
| Total other comprehensive income | 1,328 | 595 |
| Comprehensive income | \$3,207 | \$2,485 |

Greene County Bancorp, Inc.
 Consolidated Statements of Comprehensive Income
 For the Three Months Ended March 31, 2008 and 2007
 (Unaudited)
 (In thousands)

| | 2008 | 2007 |
|---|---------|-------|
| Net income | \$684 | \$379 |
| Other comprehensive income: | | |
| Unrealized holding gain arising during the three months ended March 31, 2008 and 2007, net of income tax expense of \$281 and \$51, respectively. | 451 | 80 |
| Total other comprehensive income | 451 | 80 |
| Comprehensive income | \$1,135 | \$459 |

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended March 31, 2008 and 2007
(Unaudited)
(In thousands)

| | Additional | | Accumulated | | Unearned | Total | |
|------------------------------------|------------|-----------|-------------|---------------|----------|---------------|----------|
| | Capital | Paid – In | Retained | Other | Treasury | Shareholders' | |
| | Stock | Capital | Earnings | Comprehensive | Stock | ESOP | |
| | | | | Income | Shares | Equity | |
| | | | | (loss) | | | |
| Balance at | | | | | | | |
| June 30, 2006 | \$431 | \$10,300 | \$24,588 | (\$747) | (\$860) | (\$131) | \$33,581 |
| ESOP shares earned | | 111 | | | | 47 | 158 |
| Options exercised | | (7) | | | 26 | | 19 |
| Tax effect, options | | 14 | | | | | 14 |
| Dividends declared | | | (885) | | | | (885) |
| Net income | | | 1,890 | | | | 1,890 |
| Unrealized gain on securities, net | | | | 595 | | | 595 |
| Balance at | | | | | | | |
| March 31, 2007 | \$431 | \$10,418 | \$25,593 | (\$152) | (\$834) | (\$84) | \$35,372 |
| Balance at | | | | | | | |
| June 30, 2007 | \$431 | \$10,319 | \$25,962 | (\$400) | (\$828) | (\$69) | \$35,415 |
| ESOP shares earned | | 72 | | | | 40 | 112 |
| Options exercised | | (9) | | | 31 | | 22 |
| Options surrendered | | (215) | | | | | (215) |

Edgar Filing: GREENE COUNTY BANCORP INC - Form 10QSB

| | | | | | | | | |
|--|-------|----------|----------|-------|-----------|--------|--|----------|
| Tax effect, Options | | | 86 | | | | | 86 |
| Shares repurchased | | | | (583) | | | | (583) |
| Dividends declared | | | | (995) | | | | (995) |
| Net income | | | | 1,879 | | | | 1,879 |
| Adoption of FIN 48 | | | | (218) | | | | (218) |
| Unrealized gain on securities, net | | | | | 1,328 | | | 1,328 |
| Balance at March 31, 2008 | \$431 | \$10,253 | \$26,628 | \$928 | (\$1,380) | (\$29) | | \$36,831 |

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
 Consolidated Statements of Cash Flows
 For the Nine Months Ended March 31, 2008 and 2007
 (Unaudited)
 (In thousands)

| | 2008 | 2007 |
|---|----------|----------|
| Cash flows from operating activities: | | |
| Net Income | \$ 1,879 | \$ 1,890 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 766 | 713 |
| Net amortization of security premiums and discounts | 41 | 575 |
| Net amortization of deferred loan costs and fees | 56 | 22 |
| Provision for loan losses | 449 | 194 |
| ESOP compensation earned | 112 | 158 |
| Gain on sale of premises and equipment | --- | (257) |
| Net decrease in accrued income taxes | (204) | (105) |
| Net increase in accrued interest receivable | (190) | (165) |
| Net increase in prepaid and other assets | (15) | (58) |

| | | |
|---|-------|-------|
| Net (decrease) increase in other liabilities | (2) | 86 |
| Net cash provided by operating activities | 2,892 | 3,053 |

Cash flows
from investing
activities:

Available for
sale securities:

| | | |
|---|--------|-------|
| Proceeds from maturities and calls of securities | 13,282 | 4,124 |
|---|--------|-------|

| | | |
|----------------------------|----------|---------|
| Purchases of securities | (38,499) | (7,559) |
|----------------------------|----------|---------|

| | | |
|--|-------|--------|
| Principal payments on securities | 7,015 | 11,713 |
|--|-------|--------|

Held to
maturity
securities:

| | | |
|---|-----|-----|
| Proceeds from maturities and calls of securities | 211 | --- |
|---|-----|-----|

| | | |
|----------------------------|-------|-----|
| Purchases of securities | (710) | --- |
|----------------------------|-------|-----|

| | | |
|--|-----|-----|
| Principal payments on securities | 281 | --- |
|--|-----|-----|

| | | |
|--|----------|----------|
| Net increase in loans receivable | (22,060) | (14,988) |
|--|----------|----------|

| | | |
|---|---|-----|
| Proceeds from sale of premises and equipment | 2 | 350 |
|---|---|-----|

| | | |
|---|---------|---------|
| Purchases of premises and equipment | (2,260) | (3,704) |
|---|---------|---------|

| | | |
|---|----------|----------|
| Net cash used in investing activities | (42,738) | (10,064) |
|---|----------|----------|

Cash flows
from

| | | |
|--|-----------|-----------|
| financing activities: | | |
| Proceeds of FHLB borrowings | 14,000 | --- |
| Dividends paid | (995) | (885) |
| Proceeds from exercise of stock options | 22 | 19 |
| Payment for stock options surrendered | (215) | --- |
| Excess tax benefit from stock based compensation | 86 | 14 |
| Repurchase of common stock | (583) | --- |
| Net increase in deposits | 37,891 | 11,963 |
| Net cash provided by financing activities | 50,206 | 11,111 |
| Net increase in cash and cash equivalents | 10,360 | 4,100 |
| Cash and cash equivalents at beginning of period | 14,026 | 15,852 |
| Cash and cash equivalents at end of period | \$ 24,386 | \$ 19,952 |

See notes to consolidated financial statements.

Greene County Bancorp, Inc.

Notes to Consolidated Financial Statements

As of and for the Nine Months and Three Months Ended March 31, 2008 and 2007

(1) Basis of Presentation

The accompanying consolidated balance sheet information as of June 30, 2007 was derived from the audited consolidated financial statements of Greene County Bancorp, Inc. (the "Company") and its wholly owned subsidiary, The Bank of Greene County (the "Bank") and the Bank's wholly owned subsidiary, Greene County Commercial Bank. The consolidated financial statements at and for the three and nine months ended March 31, 2008 and 2007 are unaudited.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. To the extent that information and footnotes required by GAAP for complete financial statements are contained in or are consistent with the audited financial statements incorporated by reference to Greene County Bancorp, Inc.'s Annual Report on Form 10-KSB for the year ended June 30, 2007, such information and footnotes have not been duplicated herein. In the opinion of management, all adjustments (consisting of only normal recurring items) necessary for a fair presentation of the financial position and results of operations and cash flows at and for the periods presented have been included. Amounts in the prior year's consolidated financial statements have been reclassified whenever necessary to conform to the current year's presentation. These reclassifications had no effect on net income or retained earnings as previously reported. All material inter-company accounts and transactions have been eliminated in the consolidation. The results of operations and other data for the three and nine month periods ended March 31, 2008 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2008.

CRITICAL ACCOUNTING POLICY

Greene County Bancorp, Inc.'s most critical accounting policy relates to the allowance for loan losses. It is based on management's estimation of an amount that is intended to absorb losses in the existing portfolio. The allowance for loan losses is established through a provision for losses based on management's evaluation of the risk inherent in the loan portfolio, the composition of the portfolio, specific impaired loans and current economic conditions. Such evaluation, which includes a review of all loans for which full collectibility may not be reasonably assured, considers among other matters, the estimated net realizable value or the fair value of the underlying collateral, economic conditions, historical loan loss experience, management's estimate of probable credit losses and other factors that warrant recognition in providing for the allowance of loan losses. However, this evaluation involves a high degree of complexity and requires management to make subjective judgments that often require assumptions or estimates about highly uncertain matters. This critical accounting policy and its application are periodically reviewed with the Audit Committee and the Board of Directors.

Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and Staff Accounting Bulletin 59, "Noncurrent Marketable Equity Securities," the Company performs periodic reviews of individual securities in their investment portfolios to determine whether decline in the value of a security is other than temporary. Greene County Bancorp, Inc. makes an assessment to determine whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. The Company considers many factors including the severity and duration of the

impairment; the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value; recent events specific to the issuer or industry; and for debt securities, external credit ratings and recent downgrades. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value with the write-down recorded as a realized loss.

(2) Nature of Operations

Greene County Bancorp, Inc.'s primary business is the ownership and operation of its subsidiaries. The Bank of Greene County has ten full-service offices and an operations center located in its market area consisting of Greene County, Columbia County and southern Albany County, New York. The Bank of Greene County is primarily engaged in the business of attracting deposits from the general public in The Bank of Greene County's market area, and investing such deposits, together with other sources of funds, in loans and investment securities. Greene County Commercial Bank's primary business is to attract deposits from and provide banking services to local municipalities.

(3) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the assessment of other-than-temporary security impairment.

While management uses available information to recognize losses on loans, future additions to the allowance for loan losses (the "Allowance") may be necessary based on changes in economic conditions, asset quality or other factors. In addition, various regulatory authorities, as an integral part of their examination process, periodically review our Allowance. Such authorities may require us to recognize additions to the Allowance based on their judgments of information available to them at the time of their examination.

Greene County Bancorp, Inc. makes an assessment to determine whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. The Company considers many factors including the severity and duration of the impairment; the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value; recent events specific to the issuer or industry; and for debt securities, external credit ratings and recent downgrades. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value with the write-down recorded as a realized loss.

(4) Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed in a manner similar to that of basic earnings per share except that the weighted-average number of common shares outstanding is increased to include the number of incremental common shares that would have been outstanding under the treasury stock method if all potentially dilutive common shares (such as stock options) issued became vested during the period. Unallocated common shares held by the ESOP are not included in the weighted-average number of common shares outstanding for either the basic or diluted earnings per share calculations.

| | Net Income | Weighted Average Number of Shares Outstanding | Earnings Per Share |
|-------------------------------------|-------------|--|-----------------------|
| Nine Months Ended | | | |
| March 31, 2008: | \$1,879,000 | | |
| Basic | | 4,131,089 | \$0.45 |
| Effect of dilutive stock options | | 40,537 | (0.00) |
| Diluted | | 4,171,626 | \$0.45 |
| March 31, 2007: | \$1,890,000 | | |
| Basic | | 4,122,500 | \$0.46 |
| Effect of dilutive stock options | | 69,502 | (0.01) |
| Diluted | | 4,192,002 | \$0.45 |

| | Net Income | Weighted Average Number of Shares Outstanding | Earnings Per Share |
|-------------------------------------|------------|--|-----------------------|
| Three Months Ended | | | |
| March 31, 2008: | \$684,000 | | |
| Basic | | 4,118,958 | \$0.17 |
| Effect of dilutive stock options | | 30,787 | (0.01) |
| Diluted | | 4,149,745 | \$0.16 |
| March 31, 2007: | \$379,000 | | |
| Basic | | 4,127,946 | \$0.09 |
| Effect of dilutive stock options | | 67,815 | (0.00) |
| Diluted | | 4,195,761 | \$0.09 |

(5) Dividends

On January 16, 2008, the Board of Directors declared a quarterly cash dividend of \$0.15 per share of Greene County Bancorp, Inc. common stock. The dividend reflected an annual cash dividend rate of \$0.60 cents per share, which represented an increase from the annual cash dividend rate of \$0.56 per share. The dividend was payable to stockholders of record as of February 15, 2008, and paid on March 1, 2008. It should be noted that Greene County Bancorp, Inc.'s mutual holding company continued to waive receipt of dividends on the 2,304,632 shares of Company common stock it owns for the current period.

(6) Impact of Inflation and Changing Prices

The consolidated financial statements of Greene County Bancorp, Inc. and notes thereto, presented elsewhere herein, have been prepared in accordance with generally accepted accounting principles in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time and due to inflation. The impact of inflation is reflected in the increased cost of Greene County Bancorp, Inc.'s operations. Unlike most industrial companies, nearly all the assets and liabilities of Greene County Bancorp, Inc. are monetary. As a result, interest rates have a greater impact on Greene County Bancorp, Inc.'s performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the price of goods and services.

(7) Impact of Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. The Company is currently evaluating the potential impact, if any, of the adoption of SFAS No. 157 on its consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position (FSP) 157-2, "Effective Date of FASB Statement No. 157," that permits a one-year deferral in applying the measurement provisions of Statement No. 157 to non-financial assets and non-financial liabilities (non-financial items) that are not recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Therefore, if the change in fair value of a non-financial item is not required to be recognized or disclosed in the financial statements on an annual basis or more frequently, the effective date of application of Statement 157 to that item is deferred until fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, that the adoption of FSP 157-2 will have on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115" SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for the Company beginning July 1, 2008. The Company is evaluating the impact, if any, the adoption of SFAS No. 159 will have on its consolidated financial statements.

In March 2007, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 06-11 "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards." EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for non-vested equity-classified employee share-based payment awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after September 15, 2007. The Company does not expect EITF 06-11 will have a material impact on its consolidated financial statements.

In December 2007, the FASB issued statement No. 141 (R) "Business Combinations". This Statement establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The Statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. The Company, based on current circumstances, believes that this new pronouncement will not have a material impact on the Company's financial statements.

In December 2007, the FASB issued statement No. 160 “Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51”. This Statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of a company’s fiscal year beginning after December 15, 2008. The Company believes that this new pronouncement will not have a material impact on the Company’s consolidated financial statements.

Staff Accounting Bulletin No. 110 (SAB 110) amends and replaces Question 6 of Section D.2 of Topic 14, “Share-Based Payment,” of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expresses the views of the staff regarding the use of the “simplified” method in developing an estimate of expected term of “plain vanilla” share options and allows usage of the “simplified” method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use of the “simplified” method for estimating the expected term of “plain vanilla” share option grants after December 31, 2007. SAB 110 was effective January 1, 2008. SAB 110 did not have a material impact on the Company’s consolidated financial statements.

Staff Accounting Bulletin No. 109 (SAB 109), "Written Loan Commitments Recorded at Fair Value Through Earnings" expresses the views of the staff regarding written loan commitments that are accounted for at fair value through earnings under generally accepted accounting principles. To make the staff's views consistent with current authoritative accounting guidance, the SAB revises and rescinds portions of SAB No. 105, "Application of Accounting Principles to Loan Commitments." Specifically, the SAB revises the SEC staff's views on incorporating expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. The SAB retains the staff's views on incorporating expected net future cash flows related to internally-developed intangible assets in the fair value measurement of a written loan commitment. The staff expects registrants to apply the views in Question 1 of SAB 109 on a prospective basis to derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. SAB 109 has not had a material impact on the Company’s consolidated financial statements.

(8) Stock-Based Compensation

At March 31, 2008, Greene County Bancorp, Inc. had two stock-based compensation plans, which are described more fully in Note 9 of the consolidated financial statements and notes thereto for the year ended June 30, 2007. The Company adopted SFAS 123(R), “Share-Based Payments” effective July 1, 2006. SFAS No. 123 (R) requires compensation costs related to share-based payment transactions to be recognized in the financial statements over the period that the employees provide service in exchange for the award. Public companies were required to adopt the standard using a modified prospective method and they were given the option to elect to restate prior periods using the modified retrospective method. Under the modified prospective method, companies are required to record compensation cost for new and modified awards over the related vesting period of such awards prospectively and record compensation cost prospectively for the unvested portion, at the date of adoption of previously issued and outstanding awards over the remaining vesting period of such awards. Greene County Bancorp, Inc. chose the modified prospective method. However, since all outstanding options vested prior to July 1, 2006, there was no stock-based compensation expense to be recorded during the quarters and nine months ended March 31, 2008 and 2007, and, therefore, no effect on net income or earnings per share; consequently, no table illustrating the impact of share-based compensation on earnings for the quarters and nine months ended March 31, 2008 or 2007 is included.

A summary of the Company's stock option activity and related information for its option plan for the nine months ended March 31, 2008 and 2007 is as follows:

| | 2008 | | 2007 | |
|------------------------------------|----------|---|---------|---|
| | Shares | Weighted average Exercise Price Per Share | Shares | Weighted average Exercise Price Per Share |
| Outstanding at beginning of period | 72,664 | \$ 4.55 | 100,084 | \$ 4.38 |
| Shares granted | --- | --- | --- | --- |
| Exercised | (5,580) | \$ 3.94 | (4,820) | \$ 3.94 |
| Surrendered | (23,780) | \$ 3.94 | -- | -- |
| Forfeited | --- | --- | --- | --- |
| Outstanding at period end | 43,304 | \$ 4.97 | 95,264 | \$ 4.41 |
| Exercisable at period end | 43,304 | \$ 4.97 | 95,264 | \$ 4.41 |

The following table presents stock options outstanding and exercisable at March 31, 2008:

| Options Outstanding and Exercisable | | | |
|-------------------------------------|--------------------|--|---------------------------------|
| Exercise Prices | Number Outstanding | Weighted Average Remaining Contractual Life (in years) | Weighted Average Exercise Price |
| \$ 3.94 | 34,804 | 2.00 | \$ 3.94 |
| \$ 9.20 | 8,500 | 4.00 | \$ 9.20 |
| | 43,304 | 2.39 | \$ 4.97 |

The total intrinsic value of the options exercised during the nine and three months ended March 31, 2008, was approximately \$48,000 and zero, respectively. The total intrinsic value of the options surrendered during the nine and three months ended March 31, 2008 was approximately \$197,000. The total intrinsic value of the options outstanding and exercisable at March 31, 2008, was approximately \$345,000. There were no stock options granted during the nine and three months ended March 31, 2008 and 2007. The Company had no non-vested options outstanding at or during the nine months ended March 31, 2008 and 2007.

(9) Stock Repurchase Program

On August 22, 2007, the Board of Directors authorized a stock repurchase program pursuant to which the Company intends to repurchase up to 5% of its outstanding shares (excluding shares held by Greene County Bancorp, MHC, the Company's mutual holding company), or up to 92,346 shares. As of March 31, 2008, the Company had repurchased 46,258 shares pursuant to this program at an average cost of \$12.60 per share.

(10) Income Taxes

In July 2006, the Financial Accounting Standards Board ("FASB") released Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement 109" ("FIN 48"). Effective for fiscal years beginning after December 15, 2006, FIN 48 provides guidance on the financial statement recognition and measurement for

income tax positions that the Company has taken or expects to take in its income tax returns. It also provides related guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company adopted the provisions of FIN 48 on July 1, 2007. The adoption required the Company to recognize a \$218,000 increase in our liability for unrecognized tax benefit.

As of July 1, 2007, the Company had a liability for unrecognized tax benefits of \$186,000. The Company recognizes penalties and accrued interest related to unrecognized tax benefits in tax expense. As of July 1, 2007, the Company had a liability of approximately \$32,000 for penalties and interest.

Actual income taxes paid may vary from estimates depending upon changes in income tax laws, actual results of operations, and the final audit of tax returns by taxing authorities. Tax assessments may arise several years after tax returns have been filed. The Company reviews its tax balances quarterly and as new information becomes available, the balances are adjusted, as appropriate. The Company is currently under examination by the Internal Revenue Service for fiscal years ended June 30, 2004 through June 30, 2006. The Company is no longer subject to federal and state income tax examinations by tax authorities for years before June 30, 2004.

(11) Subsequent Event

On April 15, 2008, the Board of Directors declared a quarterly cash dividend of \$0.16 per share of Greene County Bancorp, Inc. common stock. The dividend reflected an annual cash dividend rate of \$0.64 cents per share, which represented an increase from the annual cash dividend rate of \$0.60 per share. The dividend will be payable to stockholders of record as of May 15, 2008, and will be paid on June 1, 2008. It should be noted that Greene County Bancorp, Inc.'s mutual holding company intends to continue to waive receipt of dividends on the 2,304,632 shares of Company common stock it owns.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview of the Company's Activities and Risks

Greene County Bancorp, Inc.'s results of operations depend primarily on its net interest income, which is the difference between the income earned on Greene County Bancorp, Inc.'s loan and securities portfolios and its cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by Greene County Bancorp, Inc.'s provision for loan losses, gains and losses from sales of securities, noninterest income and noninterest expense. Noninterest income consists primarily of fees and service charges. Greene County Bancorp, Inc.'s noninterest expense consists principally of compensation and employee benefits, occupancy, equipment and data processing, and other operating expenses. Results of operations are also significantly affected by general economic and competitive conditions, changes in interest rates, as well as government policies and actions of regulatory authorities. Additionally, future changes in applicable law, regulations or government policies may materially affect Greene County Bancorp, Inc.

To operate successfully, the Company must manage various types of risk, including but not limited to, market or interest rate risk, credit risk, transaction risk, liquidity risk, security risk, strategic risk, reputation risk and compliance risk. While all of these risks are important, the risks of greatest significance to the Company relate to market or interest rate risk and credit risk.

Market risk is the risk of loss from adverse changes in market prices and/or interest rates. Since net interest income (the difference between interest earned on loans and investments and interest paid on deposits and borrowings) is the Company's primary source of revenue, interest rate risk is the most significant non-credit related market risk to which the Company is exposed. Net interest income is affected by changes in interest rates as well as fluctuations in the level and duration of the Company's assets and liabilities.

Interest rate risk is the exposure of the Company's net interest income to adverse movements in interest rates. In addition to directly impacting net interest income, changes in interest rates can also affect the amount of new loan originations, the ability of borrowers and debt issuers to repay loans and debt securities, the volume of loan repayments and refinancings, and the flow and mix of deposits.

Credit risk is the risk to the Company's earnings and shareholders' equity that results from customers, to whom loans have been made and to the issuers of debt securities in which the Company has invested, failing to repay their obligations. The magnitude of risk depends on the capacity and willingness of borrowers and debt issuers to repay and the sufficiency of the value of collateral obtained to secure the loans made or investments purchased.

Special Note Regarding Forward Looking Statements

This quarterly report contains forward-looking statements. Greene County Bancorp, Inc. desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is including this statement for the express purpose of availing itself of the protections of the safe harbor with respect to all such forward-looking statements. These forward-looking statements, which are included in this Management's Discussion and Analysis and elsewhere in this quarterly report, describe future plans or strategies and include Greene County Bancorp, Inc.'s expectations of future financial results. The words "believe," "expect," "anticipate," "project," and similar expressions identify forward-looking statements. Greene County Bancorp, Inc.'s ability to predict results or the effect of future plans or strategies or qualitative or quantitative changes based on market risk exposure is inherently uncertain. Factors that could affect actual results include but are not limited to:

- (a) changes in general market interest rates,
- (b) general economic conditions,

- (c) legislative and regulatory changes,
- (d) monetary and fiscal policies of the U.S. Treasury and the Federal Reserve,
- (e) changes in the quality or composition of The Bank of Greene County's loan portfolio or the consolidated investment portfolios of The Bank of Greene County, Greene County Commercial Bank and Greene County Bancorp, Inc.,
 - (f) deposit flows,
 - (g) competition, and
 - (h) demand for financial services in Greene County Bancorp, Inc.'s market area.

These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements, since results in future periods may differ materially from those currently expected because of various risks and uncertainties.

Comparison of Financial Condition as of March 31, 2008 and June 30, 2007

ASSETS

Total assets of the Company increased to \$379.6 million at March 31, 2008 from \$325.8 million at June 30, 2007. Loans have continued to grow to \$228.8 million at March 31, 2008 from \$207.3 million at June 30, 2007. Securities, including both available-for-sale and held-to-maturity investments, also increased during the nine months ended March 31, 2008, and represented \$107.1 million or 28.2% of total assets at March 31, 2008 as compared to \$87.2 million or 26.8% of total assets at June 30, 2007

SECURITIES

Securities increased to \$107.1 million at March 31, 2008 as compared to \$87.2 million at June 30, 2007, an increase of \$19.9 million, or 22.8%. The increase in the portfolio was the result \$39.2 million of securities purchases during the nine months ended March 31, 2008. This increase was partially offset by maturities and principal repayments of \$20.8 million. Repayments and maturities consisted of \$9.7 million in US government agency securities, \$6.3 million in mortgage-backed securities, \$4.8 million in state and political subdivision securities and \$270,000 in FHLB stock. Purchases of \$39.2 million consisted of \$23.3 million in mortgage-backed securities, \$5.3 million in state and political subdivision or tax-free securities, \$900,000 in FHLB stock, \$7.0 million in corporate debt securities, \$2.0 million in U.S. government agency securities, and \$1.0 million in a long term certificate of deposit. Additionally, during the nine months ended March 31, 2008, available-for-sale securities improved from an unrealized loss of \$655,000 to an unrealized gain of \$1.5 million.

At December 1, 2007, Greene County Bancorp, Inc. reclassified \$16.5 million in local, state and political subdivision securities from available-for-sale securities to held-to-maturity securities. The Company has the ability and intent to hold these securities until maturity. The issues transferred consisted of local municipal bonds which are considered illiquid and have no quoted market values. Management estimated that the aggregate fair value of these securities at the time of transfer was equal to their aggregate amortized cost. These securities will continue to be recorded at amortized cost. Greene County Bancorp, Inc. held 27.9% of the securities portfolio, including both available-for-sale and held-to-maturity securities, at March 31, 2008 in state and political subdivision securities to take advantage of tax savings and to promote Greene County Bancorp, Inc.'s participation in the communities in which it operates.

(Dollars in thousands)

| | Carrying value at | | Carrying value at | |
|---|-------------------|-------------------------|-------------------|-------------------------|
| | March 31, 2008 | Percentage of portfolio | June 30, 2007 | Percentage of portfolio |
| U.S. government agencies | \$ 12,634 | 11.8% | \$ 19,628 | 22.5% |
| State and political subdivisions ¹ | 29,877 | 27.9 | 29,034 | 33.3 |
| Mortgage-backed securities | 56,325 | 52.6 | 38,157 | 43.8 |
| Asset-backed securities | 64 | 0.1 | 76 | 0.1 |
| Corporate debt securities | 6,832 | 6.3 | --- | --- |
| Total debt securities | 105,732 | 98.7 | 86,895 | 99.7 |
| Certificates of deposit | 1,000 | 1.0 | --- | --- |
| Equity securities and other | 370 | 0.3 | 289 | 0.3 |

| | | | | |
|-------------------------------------|------------|--------|-----------|--------|
| Total securities available-for-sale | \$ 107,102 | 100.0% | \$ 87,184 | 100.0% |
|-------------------------------------|------------|--------|-----------|--------|

1 Includes \$16,753,000 of held-to-maturity securities at March 31, 2008, which are carried at amortized cost.

LOANS

Net loans receivable increased to \$228.8 million at March 31, 2008 from \$207.3 million at June 30, 2007, an increase of \$21.5 million, or 10.4%. The loan growth experienced during the nine months primarily consisted of \$13.5 million in residential mortgages, \$3.7 million in home equity loans, \$3.4 million in commercial real estate loans, and \$1.2 million in commercial loans. The continued low interest rate environment and strong customer satisfaction from personal service continued to enhance loan growth. If long term rates begin to rise, the Company anticipates some slow down in new loan demand as well as refinancing activities. It appears consumers continue to use the equity in their homes and credit cards to fund financing needs for some activities, where in the past an installment loan may have been the choice. The low financing options from auto makers continued to cut into the Bank's automobile loan generation.

(Dollars in thousands)

| | At Mar. 31, 2008 | Percentage of portfolio | At June 30, 2007 | Percentage of portfolio |
|--|------------------------|----------------------------|------------------------|----------------------------|
| Real estate mortgages | | | | |
| Residential | \$ 163,701 | 71.0% | \$ 150,215 | 72.0% |
| Commercial | 29,102 | 12.6 | 25,740 | 12.3 |
| Home equity loans | 23,430 | 10.2 | 19,719 | 9.5 |
| Commercial loans | 9,582 | 4.2 | 8,391 | 4.0 |
| Installment loans | 4,241 | 1.8 | 4,057 | 1.9 |
| Passbook loans | 465 | 0.2 | 583 | 0.3 |
| Total loans | \$ 230,521 | 100.0% | \$ 208,705 | 100.0% |
| Less: Allowance for loan losses | (1,803) | | (1,486) | |
| Unearned origination fees and costs, net | 117 | | 61 | |
| Net loans receivable | \$ 228,835 | | \$ 207,280 | |

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the risk inherent in the loan portfolio, the composition of the loan portfolio, specific impaired loans and current economic conditions. Such evaluation, which includes a review of all loans on which full collectibility may not be reasonably assured, considers among other matters, the estimated net realizable value or the fair value of the underlying collateral, economic conditions, historical loan loss experience and other factors that warrant recognition in providing for an allowance for loan loss. In addition, various regulatory agencies, as an integral part of their examination process, periodically review The Bank of Greene County's allowance for loan losses. Such agencies may require The Bank of Greene County to recognize additions to the allowance based on their judgment about information available to them at the time of their examination. The allowance for loan losses is increased by a provision for loan losses (which results in a charge to expense) and recoveries of loans previously charged off and is reduced by net charge-offs. The level of the provision for the nine months ended March 31, 2008, was driven by the continued growth of the loan portfolio and recent increases in loan delinquencies. Any future increase in the allowance for loan losses or loan charge-offs could have a material adverse effect on Greene County Bancorp, Inc.'s results of operations and financial condition.

Analysis of allowance for loan losses activity

| (Dollars in thousands) | Nine months ended | |
|---|-------------------|-------------------|
| | March 31, 2008 | March 31, 2007 |
| Balance at the beginning of the period | \$ 1,486 | \$ 1,314 |
| Charge-offs: | | |
| Commercial loan | 46 | 7 |
| Installment loans to individuals | 28 | 25 |
| Overdraft protection | 182 | 109 |
| Total loans charged off | 256 | 141 |
| Recoveries: | | |
| Residential mortgage | 27 | --- |
| Commercial loan | --- | 7 |
| Installment loans to individuals | 44 | 27 |
| Overdraft protection | 53 | 36 |
| Total recoveries | 124 | 70 |
| Net charge-offs | 132 | 71 |
| Provisions charged to operations | 449 | 194 |
| Balance at the end of the period | \$ 1,803 | \$ 1,437 |
| Ratio of net charge-offs to average loans outstanding, annualized | 0.08% | 0.05% |
| Ratio of net charge-offs to nonperforming assets, annualized | 11.50% | 8.18% |
| Allowance for loan loss to nonperforming loans | 117.84% | 124.20% |
| Allowance for loan loss to total loans receivable | 0.78% | 0.70% |

Nonaccrual Loans and Nonperforming Assets

Loans are reviewed on a regular basis. Management determines that a loan is impaired or nonperforming when it is probable at least a portion of the loan will not be collected in accordance with its contractual terms due to an irreversible deterioration in the financial condition of the borrower or the value of the underlying collateral. When a loan is determined to be impaired, the measurement of the loan impairment is based on the present value of estimated future cash flows, except that all collateral-dependent loans are measured for impairment based on the fair value of the collateral. Management places loans on nonaccrual status once the loans have become 90 days or more delinquent. Nonaccrual is defined as a loan in which collectibility is questionable and therefore interest on the loan will no longer be recognized on an accrual basis. A loan does not have to be 90 days delinquent in order to be classified as nonperforming. Foreclosed real estate is considered nonperforming. The Bank of Greene County had no accruing loans delinquent 90 days or more at March 31, 2008 or June 30, 2007.

Analysis of Nonaccrual Loans and Nonperforming Assets

| (Dollars in thousands) | At March 31, 2008 | At June 30, 2007 |
|---|----------------------|---------------------|
| Nonaccruing loans: | | |
| Real estate mortgage loans: | | |
| Residential mortgages loans (one- to four-family) | \$ 933 | \$ 451 |
| Commercial mortgage loans | --- | 111 |
| Home equity | 283 | 110 |
| Commercial loans | 244 | --- |
| Installment loans to individuals | 70 | 10 |
| Total nonaccruing loans | 1,530 | 682 |
| Foreclosed real estate | --- | --- |
| Total nonperforming assets | \$ 1,530 | \$ 682 |
| Total nonperforming assets as a percentage of total assets | 0.40% | 0.21% |
| Total nonperforming loans to total loans | 0.67% | 0.33% |

At and during the nine months ended March 31, 2008, The Bank of Greene County had three impaired commercial loans totaling \$244,000. At and during the nine months ended March 31, 2007, no loans were considered impaired. Accordingly, no specific valuation allowance for impaired loans was recorded. Interest income related to nonaccrual loans was not material in the quarters and nine month periods ended March 31, 2008 and 2007.

DEPOSITS

Total deposits increased to \$322.1 million at March 31, 2008 from \$284.2 million at June 30, 2007, an increase of \$37.9 million, or 13.3%. The net growth in deposits was primarily due to a \$22.0 million increase in municipal deposits at Greene County Commercial Bank. The Company believes that the increase in deposits is also due the recent volatility of the stock market resulting in consumers moving their funds out of stocks and into deposit products. The Company has seen a shift from savings and money market deposits to NOW deposits as customers try to shop for the best rates while still maintaining liquidity. The Company continues to try to encourage customers to open noninterest bearing deposit accounts through various marketing strategies, including gifts.

| (Dollars in thousands) | At | Percentage | At | Percentage |
|------------------------|----|------------|----|------------|
|------------------------|----|------------|----|------------|

Edgar Filing: GREENE COUNTY BANCORP INC - Form 10QSB

| | Mar. 31, 2008 | of portfolio | June 30, 2007 | of portfolio |
|------------------------------|------------------|--------------|------------------|--------------|
| Noninterest bearing deposits | \$ 41,294 | 12.8% | \$ 44,020 | 15.5% |
| Certificates of deposit | 89,495 | 27.8 | 74,563 | 26.2 |
| Savings deposits | 68,096 | 21.1 | 71,830 | 25.3 |
| Money market deposits | 38,899 | 12.1 | 37,710 | 13.3 |
| NOW deposits | 84,283 | 26.2 | 56,053 | 19.7 |
| Total deposits | \$ 322,067 | 100.0% | \$ 284,176 | 100.0% |

BORROWINGS

At March 31, 2008, The Bank of Greene County had the following term borrowings totaling \$19.0 million from the FHLB:

| Amount | Rate | Maturity Date |
|--------------|-----------------------------|---|
| \$14,000,000 | Ranging from 2.97% to 3.97% | Ranging from 02/01/2010 to 01/17/2014 |
| \$5,000,000 | 3.64% - convertible | 10/24/2013 |

The \$14.0 million borrowing consists of several fixed rate, fixed term advances with a weighted average rate of 3.34% and a weighted average maturity of 37 months. The \$5.0 million borrowing, which carried a 3.64% interest rate at March 31, 2008, is convertible by FHLB under certain market interest rate scenarios, including three-month LIBOR at or above 7.5%. FHLB has the option to convert this existing advance into a replacement advance for the same or lesser principal amount based on the then current market rates. If the Bank chooses not to replace the funding, the Bank must repay this convertible advance, including any accrued interest, on the interest payment date.

The \$14.0 million borrowing was acquired in order to improve the Company's interest rate risk position by structuring longer term maturities that would more closely match maturities within the loan and securities portfolios. These longer term maturities are expected to provide for less volatility in net interest income should interest rates begin to rise. These borrowings have been utilized to fund loan and security portfolio growth.

EQUITY

Shareholders' equity increased to \$36.8 million at March 31, 2008 from \$35.4 million at June 30, 2007, as net income of \$1.9 million was partially offset by dividends declared and paid of \$995,000. An improvement of \$1.3 million in the fair value of the available-for-sale investment portfolio, net of tax, resulted in accumulated other comprehensive income of \$928,000 at March 31, 2008 compared to accumulated other comprehensive loss of \$400,000 at June 30, 2007. The Company recorded an adjustment, effective July 1, 2007, reducing retained earnings by \$218,000 as a result of implementing FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109". Activities associated with the various stock-based compensation plans of the Company including the 2000 Stock Option Plan and ESOP Plan resulted in a net increase in equity of \$5,000. 5,580 options were exercised and 23,780 options were surrendered during the nine months ended March 31, 2008. On August 22, 2007, the Board of Directors authorized a stock repurchase program pursuant to which the Company intends to repurchase up to 5% of its outstanding shares (excluding shares held by Greene County Bancorp, MHC, the Company's mutual holding company), or up to 92,346 shares. During the nine months ended March 31, 2008, the

Company repurchased 46,258 shares. As a result of this stock repurchase and the exercise of stock options during the period, treasury shares were increased to 195,282.

Comparison of Operating Results for the Nine Months and Quarter Ended March 31, 2008 and 2007

Average Balance Sheet

The following table sets forth certain information relating to Greene County Bancorp, Inc. for the nine months and quarters ended March 31, 2008 and 2007. For the periods indicated, the total dollar amount of interest income from average interest earning assets and the resultant yields, as well as the interest expense on average interest bearing liabilities, are expressed both in dollars and rates. No tax equivalent adjustments were made. Average balances were based on daily averages for the quarters and nine months ended March 31, 2008 and 2007. Average loan balances include non-performing loans. The loan yields include net amortization of certain deferred fees and costs that are considered adjustments to yields.

| (Dollars in thousands) | Nine Months Ended March 31, 2008 and 2007 | | | | | |
|---|---|-----------------------|---------------------|-----------------------------|-----------------------|---------------------|
| | 2008 | 2008 | 2008 | 2007 | 2007 | 2007 |
| | Average Outstanding Balance | Interest Earned/ Paid | Average Yield/ Rate | Average Outstanding Balance | Interest Earned/ Paid | Average Yield/ Rate |
| Interest earning assets: | | | | | | |
| Loans receivable, net ¹ | \$ 220,744 | \$ 10,922 | 6.60% | \$ 199,565 | \$ 9,835 | 6.57% |
| Securities ² | 92,502 | 3,096 | 4.46 | 82,721 | 2,366 | 3.81 |
| Federal funds | 7,803 | 237 | 4.05 | 5,224 | 204 | 5.21 |
| Interest bearing bank balances | | | | | | |
| FHLB stock | 830 | 40 | 6.42 | 643 | 33 | 6.84 |
| Total interest earning assets | 325,529 | 14,399 | 5.90% | 290,969 | 12,531 | 5.74% |
| Cash and due from banks | 5,602 | | | 6,750 | | |
| Allowance for loan losses | (1,616) | | | (1,345) | | |
| Other non-interest earning assets | | | | | | |
| | 17,324 | | | 15,393 | | |
| Total assets | \$ 346,839 | | | \$ 311,767 | | |
| Interest bearing liabilities: | | | | | | |
| Savings and money market deposits | | | | | | |
| NOW deposits | \$ 106,607 | 1,447 | 1.81% | \$ 121,204 | 1,816 | 2.00% |
| Certificates of deposit | 70,828 | 1,360 | 2.56 | 45,125 | 868 | 2.56 |
| Borrowings | 81,545 | 2,613 | 4.27 | 63,671 | 1,830 | 3.83 |
| | 8,838 | 237 | 3.57 | 5,001 | 139 | 3.71 |
| Total interest bearing liabilities | 267,818 | 5,657 | 2.82% | 235,001 | 4,653 | 2.64% |
| Non-interest bearing deposits | 40,366 | | | 40,477 | | |
| Other non-interest bearing liabilities | | | | | | |
| | 2,525 | | | 1,673 | | |
| Shareholders' equity | 36,130 | | | 34,616 | | |
| Total liabilities and equity | \$ 346,839 | | | \$ 311,767 | | |
| Net interest income | | \$ 8,742 | | | \$ 7,878 | |

| | | |
|--|---------|---------|
| Net interest rate spread | 3.08% | 3.10% |
| Net interest margin | 3.58% | 3.61% |
| Average interest earning assets to average interest bearing liabilities | 121.55% | 123.82% |

1 Calculated net of deferred loan fees and costs, loan discounts, and loans in process.

2 Includes tax-free securities, mortgage-backed securities and asset-backed securities.

Rate / Volume Analysis

The following Rate / Volume tables present the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected Greene County Bancorp, Inc.'s interest income and interest expense during the periods indicated. Information is provided in each category with respect to:

- (i) change attributable to changes in volume (changes in volume multiplied by prior rate);
- (ii) change attributable to changes in rate (changes in rate multiplied by prior volume); and
- (iii) the net change.

The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

| (In thousands) | Nine Months Ended March 31, 2008 versus 2007 | | |
|---|--|---------------|----------------------------------|
| | Increase/(Decrease) Due to | | Total Increase/ (Decrease) |
| | Volume | Rate | |
| Interest-earning assets: | | | |
| Loans receivable, net ¹ | \$ 1,042 | \$ 45 | \$ 1,087 |
| Securities ² | 299 | 431 | 730 |
| Federal funds | 85 | (52) | 33 |
| Interest-bearing bank balances | 25 | (14) | 11 |
| FHLB stock | 9 | (2) | 7 |
| Total interest-earning assets | 1,460 | 408 | 1,868 |
| Interest-bearing liabilities: | | | |
| Savings deposits | (206) | (163) | (369) |
| NOW deposits | 492 | -- | 492 |
| Certificates of deposit | 556 | 227 | 783 |
| Borrowings | 103 | (5) | 98 |
| Total interest-bearing liabilities | 945 | 59 | 1,004 |
| Net interest income | \$ 515 | \$ 349 | \$ 864 |

Quarter Ended March 31, 2008 and 2007

| (Dollars in thousands) | 2008 | 2008 | 2008 | 2007 | 2007 | 2007 |
|--|-------------|----------|---------|-------------|----------|---------|
| | Average | Interest | Average | Average | Interest | Average |
| | Outstanding | Earned/ | Yield/ | Outstanding | Earned/ | Yield/ |
| | Balance | Paid | Rate | Balance | Paid | Rate |
| Interest earning assets: | | | | | | |
| Loans receivable, net ¹ | \$ 227,315 | \$ 3,708 | 6.52% | \$ 204,494 | \$ 3,353 | 6.56% |
| Securities ² | 98,915 | 1,211 | 4.90 | 78,857 | 765 | 3.88 |
| Federal funds | 9,131 | 65 | 2.85 | 5,434 | 70 | 5.15 |
| Interest bearing bank balances | 3,167 | 20 | 2.53 | 3,265 | 37 | 4.53 |
| FHLB stock | 1,167 | 14 | 4.80 | 643 | 12 | 7.47 |
| Total interest earning assets | 339,695 | 5,018 | 5.91% | 292,693 | 4,237 | 5.79% |
| Cash and due from banks | 5,793 | | | 6,976 | | |
| Allowance for loan losses | (1,721) | | | (1,392) | | |
| Other non-interest earning assets | 18,640 | | | 17,874 | | |
| Total assets | \$ 362,407 | | | \$ 316,151 | | |
| Interest bearing liabilities: | | | | | | |
| Savings and money market deposits | \$ 103,402 | 393 | 1.52% | \$ 114,062 | 576 | 2.02% |
| NOW deposits | 77,425 | 437 | 2.26 | 51,087 | 346 | 2.71 |
| Certificates of deposit | 85,286 | 864 | 4.05 | 66,265 | 670 | 4.04 |
| Borrowings | 16,335 | 144 | 3.53 | 5,000 | 46 | 3.68 |
| Total interest bearing liabilities | 282,448 | 1,838 | 2.60% | 236,414 | 1,638 | 2.77% |
| Non-interest bearing deposits | 39,570 | | | 41,377 | | |
| Other non-interest bearing liabilities | 3,730 | | | 3,170 | | |
| Shareholders' equity | 36,659 | | | 35,190 | | |
| Total liabilities and equity | \$ 362,407 | | | \$ 316,151 | | |
| Net interest income | | \$ 3,180 | | | \$ 2,599 | |
| Net interest rate spread | | | 3.31% | | | 3.02% |
| Net interest margin | | | 3.74% | | | 3.55% |
| Average interest earning assets to average interest bearing liabilities | | | 120.27% | | | 123.81% |

1 Calculated net of deferred loan fees and costs, loan discounts, and loans in process.

2 Includes tax-free securities, mortgage-backed securities and asset-backed securities.

| (In thousands) | Three Months Ended March 31, 2008 versus 2007 | | |
|---|---|---------------|-------------------------|
| | Increase/(Decrease) | | Total |
| | Due to Volume | Rate | Increase/ (Decrease) |
| Interest-earning assets: | | | |
| Loans receivable, net ¹ | \$ 375 | \$ (20) | \$ 355 |
| Securities ² | 219 | 227 | 446 |
| Federal funds | 35 | (40) | (5) |
| Interest-bearing bank balances | (1) | (16) | (17) |
| FHLB stock | 7 | (5) | 2 |
| Total interest-earning assets | 635 | 146 | 781 |
| Interest-bearing liabilities: | | | |
| Savings deposits | (50) | (133) | (183) |
| NOW deposits | 156 | (65) | 91 |
| Certificates of deposit | 192 | 2 | 194 |
| Borrowings | 100 | (2) | 98 |
| Total interest-bearing liabilities | 398 | (198) | 200 |
| Net interest income | \$ 237 | \$ 344 | \$ 581 |

OVERVIEW

Annualized return on average assets and return on average equity are common methods of measuring operating results. Annualized return on average assets decreased to 0.72% for the nine months ended March 31, 2008, as compared to 0.81% for the nine months ended March 31, 2007. Annualized return on average equity decreased to 6.93% for the nine months ended March 31, 2008 as compared to 7.28% for the nine months ended March 31, 2007. The year to date decrease in return on average assets and return on average equity was primarily the result of higher noninterest expenses, partially offset by higher noninterest income and net interest income. Annualized return on average assets increased to 0.75% for the quarter ended March 31, 2008, as compared to 0.48% for the quarter ended March 31, 2007. Annualized return on equity increased to 7.46% for the quarter ended March 31, 2008, as compared to 4.30% for the quarter ended March 31, 2007. The increase in return on average assets and return on average equity was primarily the result of higher net interest income and noninterest income.

Net income amounted to \$1.9 million for both the nine months ended March 31, 2008 and 2007, and amounted to \$684,000 and \$379,000 for the quarters ended March 31, 2008 and 2007, respectively, an increase of \$305,000 or 80.5%. Average assets amounted to \$346.8 million for the nine month period ended March 31, 2008 as compared to \$311.8 million for the same period ended March 31, 2007, an increase of \$35.0 million or 11.2%. Average assets amounted to \$362.4 million for the quarter ended March 31, 2008 as compared to \$316.2 million for the quarter ended March 31, 2007, an increase of \$46.2 million or 14.6%. Average equity amounted to \$36.1 million for the nine month period ended March 31, 2008 as compared to \$34.6 million for the same period ended March 31, 2007, an increase of \$1.5 million or 4.3%. Average equity amounted to \$36.7 million for the quarter ended March 31, 2008 as compared to \$35.2 million for the quarter ended March 31, 2007, an increase of \$1.5 million or 4.3%.

INTEREST INCOME

Interest income amounted to \$14.4 million for the nine months ended March 31, 2008 as compared to \$12.5 million for the nine months ended March 31, 2007, an increase of \$1.9 million or 15.2%. Interest income amounted to \$5.0 million for the quarter ended March 31, 2008 as compared to \$4.2 million for the quarter ended March 31, 2007, an increase of \$781,000 or 18.4%. The increase in loan and securities volume complemented by an increase in the yield on interest earning assets had the greatest impact on interest income when comparing the nine months and quarters ended March 31, 2008 and 2007. Average loan balances increased \$21.2 million for the nine months ended March 31, 2008 as compared to the nine months ended March 31, 2007 and the yield increased by 3 basis points when comparing the same periods. Average loan balances increased \$22.8 million for the quarter ended March 31, 2008 as compared to the quarter ended March 31, 2007 and the yield decreased by 4 basis points when comparing the same periods. The overall impact on interest income from securities was positive with an increase in average balances of \$9.8 million which was complemented by a 65 basis point increase in yield when comparing the nine months ended March 31, 2008 and 2007 and a \$20.1 million increase in average balances and a 102 basis point increase in yield when comparing the quarters ended March 31, 2008 and 2007. The increase in the yield on securities were impacted by the recognition of the accelerated accretion of discounts on US government agency securities that were called prior to maturity during the quarter ended March 31, 2008. It is expected that the reinvestment of these funds into lower rate securities will have a negative impact on the yield on these investment in future periods. Average balances on short term investments such as interest bearing bank balances and federal funds sold increased \$3.4 million and \$3.6 million when comparing the nine months and quarters ended March 31, 2008 and 2007, respectively. While interest income from these sources increased for the nine months ended March 31, 2008 compared to the same period in 2007, it decreased for the quarter ended March 31, 2008 compared to the same period in 2007. Increased income generated from higher balances in short term investments was offset by a lower yield on such investments, primarily as a result of the short-term interest rate decreases implemented by the Federal Open Market Committee during the latter part of calendar 2007 and the first part of 2008.

INTEREST EXPENSE

Interest expense amounted to \$5.7 million for the nine months ended March 31, 2008, as compared to \$4.7 million for the nine months ended March 31, 2007, an increase of \$1.0 million. Interest expense amounted to \$1.8 million for the quarter ended March 31, 2008, as compared to \$1.6 million for the quarter ended March 31, 2007, an increase of \$200,000. Increases in average balances of interest-bearing liabilities had the greatest impact on overall interest expense. The average balance of interest bearing liabilities amounted to \$267.8 million and the average rate increased to 2.82% for the nine months ended March 31, 2008 as compared to an average balance of \$235.0 million with an average rate of 2.64% for the nine months ended March 31, 2007, an increase in average interest bearing liabilities of \$32.8 million and an increase in average rate of 18 basis points. The average balance of interest bearing liabilities amounted to \$282.4 million and the average rate decreased to 2.60% for the quarter ended March 31, 2008 as compared to an average balance of \$236.4 million with an average rate of 2.77% for the quarter ended March 31, 2007, an increase in average interest bearing liabilities of \$46.0 million and a decrease in average rate of 17 basis points. The average rate paid on NOW deposits was unchanged at 2.56%, and decreased 45 basis points, respectively, when comparing the nine months and quarters ended March 31, 2008 and 2007, and the average balance of such accounts grew by \$25.7 million and \$26.3 million, respectively, when comparing the same periods, contributing to the overall increase in interest expense. The average balance of certificates of deposit grew by \$17.9 million and the average rate paid increased by 44 basis points when comparing the nine months ended March 31, 2008 and 2007. The average balance of certificates of deposit grew by \$19.0 million and the average rate paid increased by one basis point when comparing the quarters ended March 31, 2008 and 2007. The average balance of savings and money market deposits fell by \$14.6 million and \$10.7 million when comparing the nine months and quarters ended March 31, 2008 and 2007. The average rate paid on savings and money markets decreased 19 basis points and 50 basis points when comparing the same periods. The average balance of borrowings increased \$3.8 million and \$11.3 million when comparing the nine months and quarters ended March 31, 2008 and 2007. The average rate paid decreased by 14 basis points and 15 basis points when comparing the same periods.

NET INTEREST INCOME

Net interest income increased \$864,000 to \$8.7 million for the nine months ended March 31, 2008 compared to March 31, 2007 and increased \$581,000 to \$3.2 million for the quarter ended March 31, 2008 compared to March 31, 2007. Net interest spread decreased 2 basis points to 3.08% from 3.10% for the nine months ended March 31, 2008 and 2007, respectively. Net interest margin decreased 3 basis points to 3.58% from 3.61% for the same periods. Net interest spread increased 29 basis points to 3.31% from 3.02% for the quarters ended March 31, 2008 and 2007, respectively. Net interest margin increased 19 basis points to 3.74% from 3.55% for the same periods. These increases for the quarter were primarily due to the recent decreases in short-term interest rates implemented by the Federal Open Market Committee, and the resulting repricing of many of the Company's interest-bearing liabilities.

Due to the large portion of fixed rate residential mortgages in the Company's asset portfolio, interest rate risk is a concern and the Company will continue to monitor the situation and attempt to adjust the asset and liability mix as much as possible to take advantage of the benefits and reduce the risks or potential negative effects of a rising rate environment. Management attempts to mitigate the interest rate risk through balance sheet composition. Several strategies are used to help manage interest rate risk such as maintaining a high level of liquid assets such as short-term federal funds sold and various investment securities and maintaining a high concentration of less interest-rate sensitive and lower-costing core deposits.

PROVISION FOR LOAN LOSSES

The provision for loan losses amounted to \$449,000 and \$194,000 for the nine months ended March 31, 2008 and 2007, respectively, an increase of \$255,000. The provision for loan losses amounted to \$171,000 and \$83,000 for the quarters ended March 31, 2008 and 2007, respectively, an increase of \$88,000. The increase in the level of provision was primarily a result of growth in the loan portfolio, an increase in nonperforming loans and an increase in the amount of loan charge-offs, which were predominantly associated with the overdraft protection program. Net charge-offs associated with the overdraft protection program increased \$56,000, or 76.7% when comparing the nine months ended March 31, 2008 and 2007.

NONINTEREST INCOME

Noninterest income amounted to \$3.4 million for the nine months ended March 31, 2008 as compared to \$2.9 million for the nine months ended March 31, 2007, an increase of \$469,000 or 16.0%. Noninterest income amounted to \$1.1 million compared to \$840,000 for the quarters ended March 31, 2008 and 2007, respectively. During the nine months ended March 31, 2007, a pretax gain of approximately \$257,000 related to the sale of the former Coxsackie branch building was recognized in noninterest income. There were no significant sales of assets during the nine months and quarter ended March 31, 2008. Service charges on deposit accounts increased \$440,000 and \$170,000 for the nine months and quarter ended March 31, 2008, respectively, due to higher levels of insufficient funds charges as a result of changes implemented in the Overdraft Privilege Program. Debit card fees increased \$145,000 and \$48,000, respectively, for the same periods primarily due to a higher volume of transactions.

NONINTEREST EXPENSE

Noninterest expense amounted to \$9.0 million for the nine months ended March 31, 2008 as compared to \$8.0 million for the nine months ended March 31, 2007, an increase of \$1.0 million or 12.5%. Noninterest expense amounted to \$3.2 million for the quarter ended March 31, 2008 as compared to \$2.9 million for the quarter ended March 31, 2007,

an increase of \$285,000 or 9.8%. Salaries and employee benefits increased \$437,000 when comparing the nine months ended March 31, 2008 and 2007; and \$119,000 when comparing the quarters ended March 31, 2008 and 2007. These increases were primarily due to an increase in the number of employees resulting from the addition of three new branches (two branches which opened in the third quarter of fiscal 2007 and one branch which has opened in January 2008) and expansion of the commercial lending department, as well as a \$75,000 payment during the quarter ended December 31, 2007, associated with the retirement of a senior officer. Occupancy expense and equipment and furniture expense, in the aggregate, increased approximately \$135,000 when comparing the nine months ended March 31, 2008 and 2007 due to higher utility costs, building maintenance and increased depreciation expense associated with the opening of the new operations center in Catskill and the opening of three new branches in Catskill, Greenport, and Chatham. All other noninterest expenses, in the aggregate, increased approximately \$473,000 and \$164,000 when comparing the nine months and quarters ended March 31, 2008 and 2007 due to increased costs related to debit card transactions and the loyalty program, marketing costs related to deposit product promotions, and increased assessments resulting from the conversion of the Bank from a New York State chartered financial institution to a Federally chartered institution.

INCOME TAXES

The provision for income taxes reflected the expected tax associated with the revenue generated for the given period and certain regulatory requirements. The effective tax rate was 29.4% for the nine months ended March 31, 2008, compared to 28.1% for the nine months ended March 31, 2007. The effective tax rate was 29.8% for the quarter ended March 31, 2008, compared to 17.4% for the quarter ended March 31, 2007. The increases in effective rates for the periods ended March 31, 2008 were the result of increased pre-tax income and the resultant decreased percentage of tax exempt interest earned in total taxable income.

LIQUIDITY AND CAPITAL RESOURCES

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates or prices such as interest rates, foreign currency exchange rates, commodity prices, and equity prices. Greene County Bancorp, Inc.'s most significant form of market risk is interest rate risk since the majority of Greene County Bancorp, Inc.'s assets and liabilities are sensitive to changes in interest rates. Greene County Bancorp, Inc.'s primary sources of funds are deposits and proceeds from principal and interest payments on loans, mortgage-backed securities and debt securities, with lines of credit available through the Federal Home Loan Bank as needed. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit outflows, mortgage prepayments, and lending activities are greatly influenced by general interest rates, economic conditions and competition.

Mortgage loan commitments totaled \$9.5 million at March 31, 2008. The unused portion of overdraft lines of credit amounted to \$9.1 million, the unused portion of home equity lines of credit amounted to \$7.3 million, and the unused portion of commercial lines of credit amounted to \$3.7 million at March 31, 2008. Greene County Bancorp, Inc. anticipates that it will have sufficient funds available to meet current loan commitments based on the level of cash and cash equivalents as well as the available for sale investment portfolio and borrowing capacity from Federal Home Loan Bank of New York.

The Bank of Greene County and Greene County Commercial Bank met all regulatory capital requirements at March 31, 2008 and June 30, 2007. The Company's consolidated shareholders' equity represented 9.7% of total assets at March 31, 2008 and 10.9% of total assets of June 30, 2007.

Item 3. Controls and Procedures

Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and in timely altering them to material information relating to the Company (or its consolidated subsidiaries) required to be filed in its periodic SEC filings.

There has been no change in the Company's internal control over financial reporting in connection with the quarterly evaluation that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Greene County Bancorp, Inc. and its subsidiaries are not engaged in any material legal proceedings at the present time.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a.) Not applicable

b.) Not applicable

c.) The following table presents a summary of the Company's shares repurchased during the quarter ended March 31, 2008

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares as Part of Publicly Announced Program (1) | Maximum Number of Shares That May yet be Purchased Under the Program (1) |
|--------------------------------|----------------------------------|------------------------------|--|--|
| January 1 – January 31, 2008 | 6,698 | \$12.13 | 6,698 | 73,456 |
| February 1 – February 29, 2008 | 18,068 | \$12.62 | 18,068 | 55,388 |
| March 1 - March 31, 2008 | 9,300 | \$12.97 | 9,300 | 46,088 |

(1) On August 22, 2007, the Board of Directors authorized a stock repurchase program pursuant to which the Company intends to repurchase up to 5% of its outstanding shares (excluding shares held by Greene County Bancorp, MHC, the Company's mutual holding company), or up to 92,346 shares. As of March 31, 2008, the Company had repurchased 46,258 shares in accordance with the stock repurchase program.

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

(a) Not applicable

(b) There were no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors during the period covered by the Form 10-QSB.

Item 6. Exhibits

(a) Exhibits

31.1 Certification of Chief Executive Officer, adopted pursuant to Rule 13a-14(a)/15d-14(a)

31.2 Certification of Chief Financial Officer, adopted pursuant to Rule 13a-14(a)/15d-14(a)

32.1 Statement of Chief Executive Officer, furnished pursuant to U.S.C. section 1350

32.2 Statement of Chief Financial Officer, furnished pursuant to U.S.C. section 1350

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

Greene County Bancorp, Inc.

Date: May 14, 2008

By: /s/ Donald E. Gibson

Donald E. Gibson
President and Chief Executive Officer

Date: May 14, 2008

By: /s/ Michelle Plummer

Michelle Plummer
Executive Vice President, Chief Financial Officer and Chief Operating Officer

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Gibson, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Greene County Bancorp, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 14, 2008
Donald E. Gibson

/s/ Donald E. Gibson

President and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michelle M. Plummer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Greene County Bancorp, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 14, 2008

/s/ Michelle Plummer

Michelle M. Plummer

Executive Vice President, Chief Financial Officer and Chief Operating Officer

EXHIBIT 32.1

Statement of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Donald E. Gibson, President and Chief Executive Officer, of Greene County Bancorp, Inc. (the "Company") certifies in his capacity as an officer of the Company that he has reviewed the Quarterly Report of the Company on Form 10-QSB for the quarter ended March 31, 2008 and that to the best of his knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the report.

This statement is authorized to be attached as an exhibit to the report so that this statement will accompany the report at such time as the report is filed with the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 USC 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

Date: May 14, 2008
Donald E. Gibson

/s/ Donald E. Gibson

President and Chief Executive Officer

EXHIBIT 32.2

Statement of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Michelle M. Plummer, Chief Financial Officer, of Greene County Bancorp, Inc. (the "Company") certifies in her capacity as an officer of the Company that he or she has reviewed the Quarterly Report of the Company on Form 10-QSB for the quarter ended March 31, 2008 and that to the best of her knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the report.

This statement is authorized to be attached as an exhibit to the report so that this statement will accompany the report at such time as the report is filed with the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 USC 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

Date: May 14, 2008

/s/ Michelle Plummer

Michelle M. Plummer

Executive Vice President, Chief Financial Officer and Chief Operating Officer
