

GREENE COUNTY BANCORP INC  
Form 10-K  
September 27, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended June 30, 2010

OR

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

For the transaction period from \_\_\_\_\_ to  
\_\_\_\_\_

Commission File Number: 0-25165

GREENE COUNTY BANCORP, INC.  
(Name of registrant as specified in its Charter)

United States

14-1809721

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S.

Employer Identification No.)

York

302 Main Street, Catskill, New  
12414

Office)

(Address of Principal Executive  
(Zip Code)

(518) 943-2600

(Issuer's Telephone Number including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class  
registered

Name of exchange on which

Common Stock, par value \$0.10 per share  
Nasdaq Stock Market LLC

The

the Act:

Securities Registered Pursuant to Section 12(g) of

None  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.  
YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
YES  NO  X

As of December 31, 2009, there were issued and outstanding 4,115,262 shares of the Registrant's common stock of which 1,337,669 were shares of voting stock held by non-affiliates of the Registrant. Computed by reference to the closing price of Common Stock of \$15.38 on December 31, 2009, the aggregate value of stock held by non-affiliates was \$20,573,349. As of September 17, 2010, there were issued and outstanding 4,123,245 shares of the Registrant's common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

1. Sections of Annual Report to Shareholders for the fiscal year ended June 30, 2010 (Part II).
2. Proxy Statement for the 2010 Annual Meeting of Shareholders (Part II and III)

GREENE COUNTY BANCORP, INC. AND SUBSIDIARIES  
FORM 10-K

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PART I

ITEM 1. Business

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This annual 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 annual 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 Greene County Bancorp, Inc.’s loan and investment portfolios,
- (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.

General

Greene County Bancorp, Inc. operates as the federally chartered holding company of The Bank of Greene County, a federally chartered savings bank. A majority of Greene County Bancorp, Inc.’s issued and outstanding common stock (56.0%) is held by Greene County Bancorp, MHC, a federally chartered mutual holding company. The remaining shares of Greene County Bancorp, Inc. are owned by public stockholders and The Bank of Greene County’s Employee Stock Ownership Plan. In June 2004, The Bank of Greene County opened a new limited-purpose subsidiary, Greene County Commercial Bank. The purpose of Greene County Commercial Bank is to serve local municipalities’ banking needs.

Greene County Bancorp, Inc.

Greene County Bancorp, Inc. was organized in December of 1998 at the direction of the Board of Trustees of The Bank of Greene County (formerly Greene County Savings Bank) for the purpose of acting as the holding company of The Bank of Greene County. In 2001, Greene County Bancorp, Inc. converted its charter from a Delaware corporation regulated by the New York Superintendent of Banks and the Board of Governors of the Federal Reserve System to a federal corporation regulated by the Office of Thrift Supervision. At June 30, 2010, Greene County Bancorp, Inc.’s assets consisted primarily of its investment in The Bank of Greene County and cash and securities totaling \$2.1 million. At June 30, 2010, 1,814,280 shares of Greene County Bancorp, Inc.’s common stock, par value \$0.10 per share, were held by the public, including executive officers and directors, 186,758 shares were held as Treasury stock and 2,304,632 shares were held by Greene County Bancorp, MHC, Greene County Bancorp, Inc.’s mutual holding company. Greene County Bancorp, Inc.’s principal business is overseeing and directing the business of The Bank of Greene County and various Greene County Bancorp, Inc. investment securities.

At June 30, 2010, Greene County Bancorp, Inc. had consolidated total assets of \$495.3 million, consolidated total deposits of \$421.7 million, consolidated borrowings from the Federal Home Loan Bank of New York (FHLB) of \$26.1 million and consolidated total equity of \$44.5 million.

Greene County Bancorp, Inc.'s administrative office is located at 302 Main Street, Catskill, New York 12414-1317. Its telephone number is (518) 943-2600.

#### The Bank of Greene County

The Bank of Greene County was organized in 1889 as The Building and Loan Association of Catskill, a New York-chartered savings and loan association. In 1974, The Bank of Greene County converted to a New York mutual savings bank under the name Greene County Savings Bank. In conjunction with the reorganization and the offering completed in December 1998, which resulted in the organization of Greene County Bancorp, Inc., Greene County Savings Bank changed its name to The Bank of Greene County. In November 2006, The Bank of Greene County converted its charter to a federal savings bank charter. The Bank of Greene County's deposits are insured by the Deposit Insurance Fund, as administered by the Federal Deposit Insurance Corporation, up to the maximum amount permitted by law.

The Bank of Greene County's principal business consists of attracting retail deposits from the general public in the areas surrounding its branches and investing those deposits, together with funds generated from operations and borrowings, primarily in one to four-family residential mortgage loans, commercial real estate loans, consumer loans, home equity loans and commercial business loans. In addition, The Bank of Greene County invests a significant portion of its assets in investment securities, mortgage-backed and asset-backed securities. The Bank of Greene County's revenues are derived principally from the interest on its residential mortgages, and to a lesser extent, from interest on consumer and commercial loans and securities, as well as from servicing fees and service charges and other fees collected on its deposit accounts. Through its affiliation with Fenimore Asset Management and Essex Corporation, The Bank of Greene County offers investment alternatives for customers, which also contributes to the Bank's revenues. The Bank of Greene County's primary sources of funds are deposits, borrowings from the FHLB, and principal and interest payments on loans and securities. At June 30, 2010, The Bank of Greene County had outstanding borrowings of \$26.1 million from the Federal Home Loan Bank of New York.

The Bank of Greene County's administrative office is located at 302 Main Street, Catskill, New York 12414-1317. Its telephone number is (518) 943-2600.

#### Greene County Commercial Bank

Greene County Commercial Bank was formed in January 2004 as a New York State-chartered limited purpose commercial bank. Greene County Commercial Bank has the power to receive deposits only to the extent of accepting for deposit the funds of the United States and the State of New York and their respective agents, authorities and instrumentalities, and local governments as defined in Section 10(a)(1) of the New York General Municipal Law. At June 30, 2010, Greene County Commercial Bank had \$117.9 million in assets, \$84.6 million in total deposits, \$19.1 million in borrowings from The Bank of Greene County, and \$13.3 million in total equity.

Greene County Commercial Bank's administrative office is located at 302 Main Street, Catskill, New York 12414-1317. Its telephone number is (518) 943-2600.

#### Greene County Bancorp, MHC



Greene County Bancorp, MHC was formed in December 1998 as part of The Bank of Greene County's mutual holding company reorganization. In 2001, Greene County Bancorp, MHC converted from a state to a federal charter. The Office of Thrift Supervision regulates Greene County Bancorp, MHC. Greene County Bancorp, MHC owns 56.0% of the issued and outstanding common stock of Greene County Bancorp, Inc. Greene County Bancorp, MHC does not engage in any business activity other than to hold a majority of Greene County Bancorp, Inc.'s common stock and to invest any liquid assets of Greene County Bancorp, MHC, which amounted to \$186,000, in cash and cash equivalents at June 30, 2010.

Greene County Bancorp, MHC's administrative office is located at 302 Main Street, Catskill, New York 12414-1317, and its telephone number at that address is (518) 943-2600.

#### Market Area

The Bank of Greene County has been, and intends to continue to be, a community-oriented bank offering a variety of financial services to meet the needs of the communities it serves. The Bank of Greene County currently operates eleven full-service banking offices in Greene County, Columbia County and southern Albany County, New York. The Bank of Greene County's primary market area is currently concentrated around the areas within Greene County, Columbia County and southern Albany County where its full-service banking offices are located, namely the towns of Catskill, Cairo, Chatham, Coxsackie, Greenville, Hudson, Ravena, Tannersville and Westerlo.

As of the 2009 census estimates, the Greene County population was 49,000 and Columbia County was 62,000. Greene County is primarily rural and the major industry consists of tourism associated with the several ski facilities and festivals located in the Catskill Mountains. The county has no concentrations of manufacturing industry. Greene County is contiguous to the Albany-Schenectady-Troy metropolitan statistical area. The close proximity of Greene County to the city of Albany has made it a "bedroom" community for persons working in the Albany capital area. Greene County government and the Coxsackie Correctional Facilities are the largest employers in the County. Other large employers within the Company's market area include the Hunter Mountain and Ski Windham resort areas, LaFarge, Columbia Memorial Hospital, Taconic Farms, Ginsberg's Foods, the Catskill, Cairo-Durham, Chatham, Greenville, Coxsackie-Athens, Hudson City, and Ravena-Coeyman Central School Districts.

#### Competition

The Bank of Greene County faces significant competition both in making loans and in attracting deposits. The Bank of Greene County's subsidiary Greene County Commercial Bank faces similar competition in attracting municipal deposits. The Bank of Greene County's market area has a high density of financial institutions, many of which are branches of significantly larger institutions that have greater financial resources than The Bank of Greene County, and all of which are competitors of The Bank of Greene County to varying degrees. The Bank of Greene County's competition for loans comes principally from commercial banks, savings banks, savings and loan associations, mortgage-banking companies, credit unions, insurance companies and other financial service companies. The Bank of Greene County faces additional competition for deposits from non-depository competitors such as the mutual fund industry, securities and brokerage firms and insurance companies. Competition has also increased as a result of the lifting of restrictions on the interstate operations of financial institutions.

Competition has increased as a result of the enactment of the Gramm-Leach-Bliley Act of 1999, which eased restrictions on entry into the financial services market by insurance companies and securities firms. Moreover, because this legislation permits banks, securities firms and insurance companies to affiliate, the financial services industry could experience further consolidation. This could result in a growing number of larger financial institutions competing in The Bank of Greene County's primary market area that offer a wider variety of financial services than The Bank of Greene County currently offers. In recent years, the internet has also become a significant competitive

factor for The Bank of Greene County and the overall financial services industry. Competition for deposits, for the origination of loans and the provision of other financial services may limit The Bank of Greene County's growth and adversely impact its profitability in the future.

### Lending Activities

General. The principal lending activity of The Bank of Greene County is the origination, for retention in its portfolio, of fixed-rate and adjustable-rate mortgage loans collateralized by residential real estate located within its primary market area. The Bank of Greene County also originates commercial real estate loans, home equity loans, consumer loans and commercial business loans, and has increased its focus on commercial lending. The Bank of Greene County also offers a variety of line of credit products.

The Bank of Greene County continues to utilize conservative underwriting standards in originating real estate loans. As such, it does not engage in sub-prime lending or other exotic loan products. At the time of origination, appraisals are obtained to ensure adequate loan-to-value of the underlying collateral. Updated appraisals are obtained on loans when there is a reason to believe that there has been a change in the borrower's ability to repay the loan principal and interest or an event that would indicate a significant decline in the collateral value. Additionally, if an existing loan is to be modified or refinanced, generally, an appraisal is ordered to ensure collateral adequacy.

In an effort to manage the interest rate risk associated with its predominantly fixed-rate loan portfolio, The Bank of Greene County maintains high levels of liquidity. Cash, cash equivalents and securities available for sale comprised 20.3% of total assets at June 30, 2010, all of which can be used for liquidity needs. The Bank of Greene County seeks to attract checking and other transaction accounts that generally have lower interest rate costs and tend to be less interest rate sensitive when interest rates rise to fund fixed-rate residential mortgages. Additionally, The Bank of Greene County originates shorter-term consumer loans and other adjustable-rate loans including many commercial lending products in order to help mitigate interest rate risk.

Loan Portfolio Composition. Set forth below is selected information concerning the composition of The Bank of Greene County's loan portfolio in dollar amounts and in percentages (before deductions for deferred fees and costs, unearned discounts and allowances for losses) as of the dates indicated.

	At June 30,					
	2010		2009		2008	
	Amount	Percent	Amount	Percent	Amount	Percent
(Dollars in thousands)						
Real estate loans:						
Residential	\$182,525	61.01	% \$172,038	63.48	% \$158,193	65.87
Commercial	54,586	18.25	47,029	17.35	30,365	12.64
Construction and land	9,357	3.12	7,806	2.88	12,295	5.12
Multi-family	6,035	2.01	1,140	0.43	1,094	0.46
Total real estate loans	252,503	84.39	228,013	84.14	201,947	84.09
Consumer loans						
Installment loans(1)	3,892	1.30	3,827	1.41	4,172	1.74
Home equity loans	26,602	8.89	26,183	9.66	23,957	9.97
Passbook loans	393	0.13	347	0.13	401	0.17
Total consumer loans	30,887	10.32	30,357	11.20	28,530	11.88
Commercial loans	15,810	5.29	12,631	4.66	9,669	4.03
Total consumer loans and						

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commercial loans	46,697	15.61	42,988	15.86	38,199	15.91
Total gross loans	299,200	100.0	% 271,001	100.0	% 240,146	100.0
Less:						
Deferred fees and costs	406		321		182	
Allowance for loan losses	(4,024 )		(3,420 )		(1,888 )	
Total loans receivable, net	\$295,582		\$267,902		\$238,440	

(1) Includes direct automobile loans (on both new and used automobiles) and personal loans.

	At June 30,				
	2007		2006		
	Amount	Percent	Amount	Percent	
(Dollars in thousands)					
Real estate loans:					
One-to-four family	\$ 140,901	67.51	% \$ 131,010	68.44	%
Commercial real estate	24,357	11.67	22,599	11.81	
Construction and land	9,619	4.61	8,728	4.55	
Multi-family	1,078	0.52	1,200	0.63	
Total real estate loans	175,955	84.31	163,537	85.43	
Consumer loans					
Installment (1)	4,057	1.94	3,384	1.77	
Home equity	19,719	9.45	16,486	8.61	
Passbook	583	0.28	632	0.33	
Total consumer loans	24,359	11.67	20,502	10.71	
Commercial business loans	8,391	4.02	7,390	3.86	
Total consumer loans and commercial business loans	32,750	15.69	27,892	14.57	
Total gross loans	208,705	100.00	% 191,429	100.00	%
Less:					
Deferred fees and costs	61		(22	)	
Allowance for loan losses	(1,486	)	(1,314	)	
Total loans receivable, net	\$ 207,280		\$ 190,093		

(1) Includes direct automobile loans (on both new and used automobiles) and personal loans.

	At June 30,					
	2010		2009		2008	
	Amount	Percent	Amount	Percent	Amount	Percent
(Dollars in thousands)						
Fixed-rate loans						
Real estate loans						
Residential	\$ 174,546	58.34	% \$ 165,309	61.00	% \$ 152,722	63.59
Commercial	19,885	6.65	19,357	7.14	17,030	7.09
Construction and land	8,275	2.76	6,296	2.32	11,335	4.72
Multi-family	2,040	0.68	936	0.35	1,094	0.46
Total fixed-rate real estate loans	204,746	68.43	191,898	70.81	182,181	75.86
Consumer loans						
Installment loans (1)	3,892	1.30	3,827	1.41	4,172	1.74
Home equity loans	12,386	4.14	13,157	4.85	14,745	6.14
Passbook loans	393	0.13	347	0.13	401	0.17
Commercial loans	6,023	2.02	5,191	1.91	5,185	2.16
Total fixed-rate loans	227,440	76.02	214,420	79.11	206,684	86.07
Adjustable-rate loans						
Real estate loans:						
Residential	7,979	2.67	6,729	2.48	5,471	2.28
Commercial	34,701	11.60	27,672	10.21	13,335	5.55
Construction and land	1,082	0.36	1,510	0.56	960	0.40
Multi-family	3,995	1.33	204	0.08	---	---
Total adjustable-rate real estate loans	47,757	15.96	36,115	13.33	19,766	8.23
Consumer loans						
Home equity loans	14,216	4.75	13,026	4.81	9,212	3.83
Commercial loans	9,787	3.27	7,440	2.75	4,484	1.87
Total adjustable-rate loans	71,760	23.98	56,581			