GREENE COUNTY BANCORP INC
Form 10QSB
February 13, 2004

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

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2003

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 14-1809721
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

302 Main Street, Catskill, New York 12414
(Address of principal executive office) (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:__X No: ______

As of January 23, 2004, the registrant had 2,152,835 shares of common stock issued at $ .10 par value, and 2,044,898 were outstanding.

Transitional Small Business Disclosure
Format: Yes:_______ No:__X_ _

GREENE COUNTY BANCORP, INC.

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PART I. FINANCIAL INFORMATION

Greene County Bancorp, Inc.
Consolidated Statements of Financial Condition

As of December 31, 2003 and June 30, 2003
(Unaudited)

ASSETS	December 31, 2003	June 30, 2003
Cash and due from banks	$ 11,127,360	$ 10,078,827
Federal funds sold	5,751,439	6,839,439
Total cash and cash equivalents	16,878,799	16,918,266
Investment securities, at fair value	105,438,371	99,831,070
Federal Home Loan Bank stock, at cost	1,360,600	1,360,600
Loans	142,166,589	133,711,021
Less: Allowance for loan losses	(1,200,176)	(1,163,825)
Unearned origination fees and costs, net	(339,474)	(337,122)
Net loans receivable	140,626,939	132,210,074
Premises and equipment	5,027,380	4,697,653
Accrued interest receivable	1,623,060	1,573,825
Prepaid expenses and other assets	871,382	318,495
Other real estate owned	---	55,125
Total assets	$ 271,826,531	$ 256,965,108
LIABILITIES AND SHAREHOLDERS EQUITY		
Non-interest bearing deposits	$ 29,107,947	$ 25,443,349
Interest bearing deposits	198,475,970	192,601,576
Total deposits	227,583,917	218,044,925
Borrowings from FHLB	13,000,000	8,000,000
Accrued expenses and other liabilities	1,576,543	1,722,294
Accrued income taxes	219,991	73,024
Total liabilities	242,380,451	227,840,243
Shareholders equity		
Preferred stock,		
Authorized 1,000,000 at December 31, 2003 and June 30, 2003;	---	---
Common stock, par value $.10 per share;		
Authorized: 12,000,000 at December 31, 2003 and June 30, 2003;		
Issued: 2,152,835 at December 31, 2003 and June 30, 2003;		
Outstanding: 2,042,738 at December 31, 2003		
and 2,041,543 at June 30, 2003;	215,284	215,284
Additional paid-in capital	10,170,571	10,092,353
Retained earnings	19,894,023	18,777,623

Accumulated other comprehensive income	713,413	1,664,585
Less: Treasury stock (shares at cost) 110,097 at December 31, 2003, and 111,292 at June 30, 2003	(1,179,737)	(1,192,535)
Unearned stock-based compensation	(68,434)	(96,941)
Unearned ESOP shares (at cost) 33,038 at December 31, 2003, and 40,853 at June 30, 2003	(299,040)	(335,504)
Total shareholders equity	29,446,080	29,124,865
Total liabilities and shareholders equity	$ 271,826,531	$ 256,965,108

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Three Months Ended December 31, 2003 and 2002
(Unaudited)

	2003	2002
Interest income:		
Loans	$ 2,306,146	$ 2,332,422
Investment securities	300,005	458,349
Mortgage-backed securities	518,391	299,140
Tax free securities	170,562	116,911
Interest bearing deposits and federal funds sold	31,925	39,945
Total interest income	3,327,029	3,246,767
Interest expense:		
Interest on deposits	724,672	1,010,724
Interest on borrowings	132,429	107,904
Total interest expense	857,101	1,118,628
Net interest income	2,469,928	2,128,139
Less: Provision for loan losses	---	30,000
Net interest income after provision for loan losses	2,469,928	2,098,139
Noninterest income:		
Service charges on deposit accounts	443,632	412,490

Other operating income	241,776	182,817
Total noninterest income	685,408	595,307
Noninterest expense:		
Salaries and employee benefits	1,079,038	917,594
Occupancy expense	103,349	96,062
Equipment and furniture expense	140,727	145,796
Service and data processing fees	258,947	242,944
Office supplies	28,996	31,548
Other	478,843	454,356
Total noninterest expense	2,089,900	1,888,300
Income before provision for income taxes	1,065,436	805,146
Provision for income taxes	311,100	261,400
Net income	$ 754,336	$ 543,746
Basic EPS	$ 0.38	$ 0.27
Basic shares outstanding	2,003,134	1,977,943
Diluted EPS	$ 0.37	$ 0.27
Diluted average shares outstanding	2,061,379	2,031,937

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Six Months Ended December 31, 2003 and 2002
(Unaudited)

	2003	2002
Interest income:		
Loans	$ 4,606,839	$ 4,732,329
Investment securities	635,024	943,242
Mortgage-backed securities	902,122	543,390
Tax free securities	309,014	218,682
Interest bearing deposits and federal funds sold	62,845	104,956
Total interest income	6,515,844	6,542,599

Interest expense:		
Interest on deposits	1,495,879	2,070,763
Interest on borrowings	229,974	215,809
Total interest expense	1,725,853	2,286,572
Net interest income	4,789,991	4,256,027
Less: Provision for loan losses	45,000	30,000
Net interest income after provision for loan losses	4,744,991	4,226,027
Noninterest income:		
Service charges on deposit accounts	848,795	795,289
Other operating income	562,551	435,355
Total noninterest income	1,411,346	1,230,644
Noninterest expense:		
Salaries and employee benefits	2,121,981	1,799,225
Occupancy expense	210,632	194,840
Equipment and furniture expense	280,845	286,775
Service and data processing fees	489,584	490,887
Office supplies	49,535	65,515
Other	920,012	904,676
Total noninterest expense	4,072,589	3,741,918
Income before provision for income taxes	2,083,748	1,714,753
Provision for income taxes	642,100	529,900
Net income	$ 1,441,648	$ 1,184,853
Basic EPS	$ 0.72	$ 0.60
Basic shares outstanding	2,001,796	1,976,780
Diluted EPS	$ 0.70	$ 0.58
Diluted average shares outstanding	2,058,327	2,030,034

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income

For the Three Months Ended December 31, 2003 and 2002
(Unaudited)

	2003	2002
Net income	$ 754,336	$ 543,746
Other comprehensive income (loss):		
Unrealized holding (loss)/gain arising during the three months ended December 31, 2003 and 2002, net of tax (benefit)/expense of ($150,177) and $20,585, respectively.	(285,266)	54,351
Total other comprehensive income (loss)	(285,266)	54,351
Comprehensive income	$ 469,070	$ 598,097

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Six Months Ended December 31, 2003 and 2002
(Unaudited)

	2003	2002
Net income	$ 1,441,648	$ 1,184,853
Other comprehensive income (loss):		
Unrealized holding (loss)/gain arising during the six months ended December 31, 2003 and 2002, net of tax (benefit)/expense of ($634,115) and $310,366 respectively.	(951,172)	489,021
Total other comprehensive income (loss)	(951,172)	489,021
Comprehensive income	$ 490,476	$ 1,673,874

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders Equity
For the Six Months Ended December 31, 2003 and 2002
(Unaudited)

	Capital Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Unearned Stock-based Compensation	Treasury Stock	Unearned ESOP Shares	Total Shareholders Equity
Balance at June 30, 2002	$215,284	$10,084,621	$17,164,403	$880,401	($156,791)	($1,371,527)	($415,685)	$26,400,706
ESOP shares earned		62,396					37,294	99,690
Options exercised		(3,437)				12,949		9,512
Stock-based compensation earned					28,507			28,507
Dividends paid			(286,378)					(286,378)
Net income			1,184,853					1,184,853
Change in unrealized gain, net				489,021				489,021
Balance at December 31, 2002	$215,284	$10,143,580	$18,062,878	$1,369,422	($128,284)	($1,358,578)	($378,391)	$27,925,911
Balance at June 30, 2003	$215,284	$10,092,353	$18,777,623	$1,664,585	($96,941)	($1,192,535)	($335,504)	$29,124,865
ESOP shares earned		78,975					36,464	115,439
Options exercised		(757)				12,798		12,041
Stock-based compensation earned					28,507			28,507

Dividends paid			(325,248)					(325,248)
Net income			1,441,648					1,441,648
Change in unrealized gain, net				(951,172)				(951,172)
Balance at December 31, 2003	$215,284	$10,170,571	$19,894,023	$713,413	($68,434)	($1,179,737)	($299,040)	$29,446,080

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Cash Flows
For the Six Months Ended December 31, 2003 and 2002
(Unaudited)

	2003	2002
Cash flows from operating activities:		
Net Income	$ 1,441,648	$ 1,184,853
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	259,600	277,800
Net amortization of premium	677,230	171,304
Provision for loan losses	45,000	30,000
ESOP and other stock-based compensation earned	143,946	128,197
Gain on sale of other real estate	(1,535)	(59,770)
Net increase (decreased) in accrued income taxes	147,219	(29,540)
Net increase in accrued interest receivable	(49,235)	(76,230)
Net increase in prepaid and other assets	(552,887)	(20,476)
Net increase in other liabilities	488,364	150,017
Net cash provided by operating activities	2,599,350	1,756,155
Cash flows from investing activities:		
Proceeds from maturities and calls of securities	6,340,528	7,269,854
Purchases of securities and other investments	(7,770,628)	(3,727,224)
Principal payments on securities	691,467	755,936
Principal payments on mortgage-backed securities	8,066,435	3,807,962
Purchases of mortgage-backed securities	(15,197,872)	(18,999,057)
Net increase in loans receivable	(8,461,865)	(3,136,644)
Proceeds from the sale of other real estate	56,660	90,000
Purchases of premises and equipment	(589,327)	(184,254)

Net cash used in investing activities	(16,864,602)	(14,123,427)
Cash flows from financing activities:		
Borrowings from FHLB	5,000,000	---
Dividends paid	(325,248)	(286,378)
Proceeds from issuance of stock options	12,041	9,512
Net increase in deposits	9,538,992	14,275,551
Net cash provided by financing activities	14,225,785	13,998,685
Net (decrease) increase in cash and cash equivalents	(39,467)	1,631,413
Cash and cash equivalents at beginning of period	16,918,266	17,832,021
Cash and cash equivalents at end of period	$ 16,878,799	$ 19,463,434

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Notes to Consolidated Financial Statements
As of and for the Three and Six months Ended December 31, 2003 and 2002

1. Basis (1) Basis of Presentation

The accompanying consolidated balance sheet information as of June 30, 2003 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") at June 30, 2003. The consolidated financial statements at and for the three and six months ended December 31, 2003 and 2002 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, 2003, 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 six months ended December 31, 2003 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2004.

CRITICAL ACCOUNTING POLICY

Greene County Bancorp, Inc. s critical accounting policy relates to the allowance for loan losses (the "Allowance"). It is based on management s opinion 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 for 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.

(2) Nature of Operations

The Bank of Greene County has six full-service offices and an operations center located in its market area consisting of Greene 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.

(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 valuation of other real estate owned ("OREO").

While management uses available information to recognize losses on loans and OREO, future additions to the Allowance, or OREO write-downs, 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 The Bank of Greene County s Allowance and the carrying value of OREO and other assets. Such authorities may require The Bank of Greene County to recognize additions to the Allowance and/or write down the carrying value of OREO or other assets based on their judgments of information available to them at the time of their examination.

(4) Earnings Per Share

Basic earnings per share ("EPS") on common stock are computed by dividing net income by the weighted average number of shares of common stock outstanding for the period. Shares of restricted stock are not considered outstanding for the calculation of basic earnings per share until they become fully vested. Diluted earnings per share are 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 instruments (such as stock options and unvested restricted stock) became vested and (in the case of stock options) exercised 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
Three Months Ended			
December 31, 2003:	$ 754,336		
Basic EPS		2,003,134	$ 0.38
Diluted EPS		2,061,379	$ 0.37
December 31, 2002:	$ 543,746		
Basic EPS		1,977,943	$ 0.27
Diluted EPS		2,031,937	$ 0.27
Six Months Ended			
December 31, 2003:	$ 1,441,648		
Basic EPS		2,001,796	$ 0.72
Diluted EPS		2,058,327	$ 0.70
December 31, 2002:	$ 1,184,853		
Basic EPS		1,976,780	$ 0.60
Diluted EPS		2,030,034	$ 0.58

(5) Dividends

The Board of Directors declared a semi-annual $0.36 per share cash dividend on July 16, 2003, for shareholders of record August 15, 2003, payable September 1, 2003. The dividend reflected an annual cash dividend rate of $0.72 per share, which represented an increase from the previous annual cash dividend rate of $0.68 per share. The increase in the dividend paid out was a result of improved earnings as well as the waiver of such dividends by Greene County Bancorp, MHC, Greene County Bancorp, Inc. s mutual holding company. Please refer to the subsequent events section for details of the January 2004 dividend declaration.

(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 U.S. generally accepted accounting principles, 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 January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN 46 also requires disclosures about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to existing entities in the first fiscal year or interim period ending after December 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The adoption of the Standard, effective October 1, 2003, had no impact on the Company s consolidated financial statements and related disclosures because there are no variable interest entities.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with characteristics of both Liabilities and Equity, to establish standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. An issuer is required to classify a financial instrument that is within such standard s scope as a liability (or an asset in some circumstances). The requirements of this Statement apply to freestanding financial instruments, including those that comprise more than one option or forward contract. This Statement does not apply to features that are embedded in a financial instrument that is not a derivative in its entirety. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this Statement, effective July 1, 2003, had no impact on the Company s consolidated financial statements.

(8) Stock-Based Compensation

At December 31, 2003, Greene County Bancorp, Inc. had two stock-based compensation plans, which are described more fully in Note 9 of the financial statements and notes thereto for the year ended June 30, 2003. SFAS No. 123, Accounting for Stock-Based Compensation , requires the measurement of the fair value of stock options or warrants granted to employees to be included in the statement of operations or, alternatively, disclosed in the notes to consolidated financial statements. The Company accounts for stock-based compensation of employees under the intrinsic value method of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees , and related Interpretations and has elected the disclosure-only alternative under SFAS No. 123. No stock-based compensation cost is reflected in net income, as all options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	Six Months Ended				Three Months Ended			
	December 31,				December 31,			
		2003		2002		2003		2002
Net income, as reported	$	1,441,648	$	1,184,853	$	754,336	$	543,746

Deduct: Total stock-based compensation								
expense determined under fair value								
based method for all awards, net of								
related tax effects		17,077		16,953		8,736		8,280
Pro forma net income	$	1,424,571	$	1,167,900	$	745,600	$	535,466
Earnings per share:								
Basic as reported	$	0.72	$	0.60	$	0.38	$	0.27
Basic pro forma	$	0.71	$	0.59	$	0.37	$	0.27
Diluted as reported	$	0.70	$	0.58	$	0.37	$	0.27
Diluted pro forma	$	0.69	$	0.58	$	0.36	$	0.26

The fair value of each option grant has been estimated using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in all periods presented: dividend yield of 3.0%, expected volatility of 29.54%, risk free interest rate of 4.78%, and expected term of 5 years.

(9) Subsequent Event

On January 21, 2004, the Board of Directors declared a semi-annual cash dividend of $0.40 per share of the Company's common stock. The dividend reflects an annual cash dividend rate of $0.80 per share, which represented an increase from the current annual cash dividend rate of $0.72 per share. The dividend will be payable to stockholders of record as of February 15, 2004, and will be paid on March 1, 2004. The Company's mutual holding company has waived receipt of the cash dividend.

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

General

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, income and expense pertaining to other real estate owned, 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.

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 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 December 31, 2003 and June 30, 2003

ASSETS

Total assets increased to $271.8 million at December 31, 2003 from $257.0 million at June 30, 2003, an increase of $14.8 million, or 5.8%. The growth in assets occurred in loans and investments. The growth in loans was funded by deposit growth and the investment growth was funded by increased borrowings from the FHLB.

CASH AND CASH EQUIVALENTS

Total cash and cash equivalents remained constant at $16.9 million between December 31, 2003 and June 30, 2003. The level of federal funds decreased by $1.0 million and cash increased by $1.0 million between December 31, 2003 and June 30, 2003 due to a fluctuation in cash and check clearing activities.

INVESTMENT SECURITIES

Investment securities increased to $105.4 million at December 31, 2003 as compared to $99.8 million at June 30, 2003, an increase of $5.6 million, or 5.6%. The increase in investments was primarily the result of the purchase of over $5.0 million in tax-free securities of state and political subdivisions funded by an advance of $5.0 million from the FHLB. There has been significant other activity in the investment portfolio including the purchase of $15.2 million in mortgage-backed securities. Management continued to invest in the nonstandard mortgage-backed securities which offer yield maintenance provisions and tend to have final maturities significantly shorter than standard mortgage-backed securities, which tend to extend as interest rates rise. These nonstandard mortgage-backed securities were discussed further in the June 30, 2003 Annual Report in the investment section. These purchases offset maturities of $6.3 million and principle pay downs of $8.1 million of mortgage-backed securities. Net unrealized gains on the investment portfolio amounted to $1.2 million at December 31, 2003 as compared to $2.7 million at June 30, 2003, a decrease of $1.5 million. The decrease in the market value of the portfolio was primarily the result of the interest rate environment and the maturity of, and principle payments on, the often higher yielding investments within the portfolio. See the discussion of interest income and net interest income below for further detail of this transition.

(Dollars rounded to nearest thousand)	Market value at Dec. 31, 2003	Percentage of portfolio	Market value at June 30, 2003	Percentage of portfolio
U.S. government agencies	$ 7,209	6.9%	$ 9,659	9.7%
State and political subdivisions	20,986	19.9	14,655	14.6
Mortgage-backed securities	62,965	59.7	57,581	57.7
Asset-backed securities	219	0.2	288	0.3
Corporate debt securities	12,742	12.1	16,283	16.3
Total debt securities	104,121	98.8	98,466	98.6
Equity securities and other	1,317	1.2	1,365	1.4
Total available-for-sale securities	$ 105,438	100.0%	$ 99,831	100.0%

LOANS

Net loans receivable increased to $140.6 million at December 31, 2003 from $132.2 million at June 30, 2003, an increase of $8.4 million, or 6.4%. The continued low interest rate environment and strong customer satisfaction from personal service continued to enhance loan growth. Loan modifications and refinancing were still significant, but demand for such appeared to have peaked. The Company has been able to retain a significant amount of refinanced mortgages and other loans. The historically low interest rate environment and competitors who continue to aggressively price residential mortgages and commercial real estate loans continue to affect the market. As a result of these changes, the residential mortgage portfolio increased by $6.1 million and the home equity portfolio increased by $1.3 million in the six month period. It appears consumers continue to use the equity in their homes 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 continues to cut into the Bank s automobile loan generation.

(Dollars rounded to nearest thousand)	At Dec. 31, 2003	Percentage of portfolio	At June 30, 2003	Percentage of portfolio
Real estate mortgages				
Residential	$ 108,832	76.5%	$ 102,726	76.8%
Commercial	12,786	9.0	11,481	8.6
Home equity loans	9,142	6.4	7,821	5.8
Commercial loans	6,823	4.8	6,576	4.9
Installment loans	3,917	2.8	4,360	3.3
Passbook loans	667	0.5	747	0.6
Total loans	$ 142,167	100.0%	$ 133,711	100.0%
Less: Allowance for loan losses	(1,200)		(1,164)	
Unearned origination fees and costs, net	(339)		(337)	
Net loans receivable	$ 140,628		$ 132,210	

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 losses. 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 and valuation of OREO. 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 is reduced by net charge-offs. During the six months ended December 31, 2003 and 2002, the level of the allowance for loan losses was affected most significantly by the level of recoveries, as in both periods a relatively large recovery was made. The decision to reduce the provision for loan losses to zero for the quarter ended December 31, 2003 was the result of the low level of non-performing loans to total loans of 0.17% and the relatively high ratio of the allowance for loan loss to nonperforming loans of 546.20% at September 30, 2003. 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.

Allowance for loan losses	Six months ended December 31, 2003	Six months ended December 31, 2002
Balance at the beginning of the period	$ 1,163,825	$ 1,068,734
Charge-offs:		
Commercial loans	---	13,319
Installment loans to individuals	36,863	26,032
Total loans charged off	36,863	39,351
Recoveries:		
Home equity	2,791	---
Commercial loans	---	24,093
Installment loans to individuals	25,423	18,165
Total recoveries	28,214	42,258
Net charge-offs	8,649	(2,907)
Provisions charged to operations	45,000	30,000
Balance at the end of the period	$ 1,200,176	$ 1,101,641
Ratio of net charge-offs to average loans outstanding	0.01%	(0.00)%
Ratio of net charge-offs to nonperforming assets	1.94%	(0.95)%
Allowance for loan loss to nonperforming loans	268.56%	359.28%
Allowance for loan loss to net loans receivable	0.85%	0.84%

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 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 over 90 days 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. Other real estate owned is considered nonperforming. The Bank of Greene County had no accruing loans delinquent more than 90 days at December 31, 2003 or June 30, 2003.

Analysis of Nonaccrual Loans and Nonperforming Assets

	At Dec. 31, 2003	At June 30, 2003
Nonaccruing loans:		
Real estate mortgage loans:		
Residential mortgages loans (one- to four-family)	$ 373,960	$ 211,074
Commercial mortgage loans	---	---
Home equity	67,683	2,104
Commercial loans	---	---
Installment loans to individuals	5,251	7,183
Total nonaccruing loans	446,894	220,361
Real Estate Owned:		
Residential mortgages loans (one- to four-family)	---	55,125
Total real estate owned	---	55,125
Total nonperforming assets	$ 446,894	$ 275,486
Total nonperforming assets as a percentage of total assets	0.16%	0.11%
Total nonperforming loans to total loans	0.32%	0.16%

At December 31, 2003, gross interest income of $19,100 would have been recorded on nonaccrual loans under their original terms if the loans had been current throughout the period. No interest income was recorded on nonaccrual loans or on accruing loans more than 90 days delinquent at December 31, 2003.

DEPOSITS

Total deposits increased to $227.6 million at December 31, 2003 from $218.0 million at June 30, 2003, an increase of $9.6 million, or 4.4%. Increases are generally the result of the Company s continued focus on expanded commercial services, including commercial deposits, and core deposit attraction. General economic conditions resulted in more customers moving funds from time deposits to demand accounts and other savings products over the last several quarters. Also a local competitor is preparing for a merger with an out of area institution and the Bank has seen some new deposit relationships as a result of this merger.

(Dollars rounded to nearest thousand)	At	Percentage	At	Percentage

	Dec. 31, 2003	of portfolio	June 30, 2003	of portfolio
Noninterest bearing deposits	$ 29,108	12.8%	$ 25,443	11.7%
Certificates of deposit	60,352	26.5	62,074	28.5
Savings deposits	90,123	39.6	87,699	40.2
Money market deposits	28,493	12.5	26,364	12.1
NOW deposits	19,508	8.6	16,465	7.5
Total deposits	$ 227,584	100.0%	$ 218,045	100.0%

BORROWINGS

At December 31, 2003, The Bank of Greene County had the following borrowings:

Amount	Rate	Maturity Date
$5,000,000	3.64% -Fixed two years, convertible thereafter	10/24/2013
$3,000,000	1.55% -Fixed	1/14/2004
2,500,000	6.82% -Fixed	09/02/2004
2,500,000	6.80% -Fixed	10/04/2005
$13,000,000		

EQUITY

The primary changes in equity included changes in retained earnings and accumulated comprehensive income. Retained earnings was affected by net income of $1.4 million and partially offset by dividends paid of $325,000. A decrease in net unrealized gains associated with the available-for-sale investment portfolio caused accumulated other comprehensive income to decrease by approximately $1.0 million, net of tax. The remaining changes in equity were due to amortization of compensation expense associated with the Employee Stock Ownership Plan ("ESOP") and stock-based compensation expense associated with the Management Recognition and Retention Plan as well as 1,145 options exercised.

Comparison of Operating Results for the Six and Three Months Ended December 31, 2003 and 2002

Average Balance Sheet

The following table sets forth certain information relating to Greene County Bancorp, Inc. for the six months and quarter ended December 31, 2003 and 2002. 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. For the six months and quarter ended December 31, 2003, average balances were based on daily averages. For the six months and quarter ended December 31, 2002, average balances are average monthly balances, except for federal funds for which a daily average was calculated and the interest-bearing bank balance for which a weekly balance was available. Interest and balances of nonaccrual loans and certain deferred origination fees have been excluded from the average loan balances and yield calculations in these tables.

	Six Months					
(Dollars in thousands)	2003	2002	2003	2002	2003	2002
	Average Outstanding Balance	Average Outstanding Balance	Interest Earned/ Paid	Interest Earned/ Paid	Average Yield/ Rate	Average Yield/ Rate
Interest-earning assets:						
Loans receivable, net [1]	$ 135,163	$ 130,427	$ 4,607	$ 4,733	6.82%	7.26%
Investment securities [2]	102,795	74,732	1,846	1,677	3.59	4.49
Federal funds	10,690	10,625	52	98	0.97	1.84
Interest-bearing bank balances	1,564	371	11	7	1.41	3.77
FHLB stock	1,361	1,121	---	28	---	5.00
Total interest-earning assets	251,573	217,276	6,516	6,543	5.18	6.02
Interest-bearing liabilities:						
Savings and money market deposits	117,512	92,903	674	941	1.15	2.03
Demand and NOW deposits	45,866	36,763	44	73	0.19	0.40
Certificates of deposit	61,103	64,279	778	1,057	2.55	3.29
Borrowings	9,882	9,000	230	216	4.65	4.80
Total interest-bearing liabilities	$ 234,363	$ 202,945	$ 1,726	$ 2,287	1.47%	2.25%
Net interest income			$ 4,790	$ 4,256		
Net interest spread					3.71%	3.77%
Net interest margin					3.81%	3.92%
Average interest-earning assets to average interest-bearing liabilities					107.34%	107.06%

	Three Months					
(Dollars in thousands)	2003	2002	2003	2002	2003	2002
	Average Outstanding Balance	Average Outstanding Balance	Interest Earned/ Paid	Interest Earned/ Paid	Average Yield/ Rate	Average Yield/ Rate
Interest-earning assets:						
Loans receivable, net [1]	$ 137,246	$ 130,866	$ 2,306	$ 2,332	6.72%	7.13%
Investment securities [2]	102,335	77,692	989	854	3.87	4.40
Federal funds	10,274	9,452	25	37	0.97	1.57
Interest-bearing bank balances	1,901	375	7	3	1.48	3.20
FHLB stock	1,361	1,121	---	20	---	7.14
Total interest-earning assets	253,117	219,506	3,327	3,246	5.26	5.92
Interest-bearing liabilities:						
Savings and money market deposits	118,461	94,816	332	468	1.12	1.97
Demand and NOW deposits	46,934	36,913	22	32	0.19	0.35
Certificates of deposit	60,635	64,019	371	510	2.45	3.19
Borrowings	11,763	9,000	132	108	4.49	4.80
Total interest-bearing liabilities	$ 237,793	$ 204,748	$ 857	$ 1,118	1.44%	2.18%
Net interest income			$ 2,470	$ 2,128		
Net interest spread					3.82%	3.74%
Net interest margin					3.90%	3.88%
Average interest-earning assets to average interest-bearing liabilities					106.44%	107.21%

[1] Calculated net of deferred loan fees, loan discounts, loans in process and loan loss reserves.
[2] Includes tax-free securities, mortgage-backed securities and asset-backed securities.

Rate / Volume Analysis

The following table presents 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.

	Six Months		
(Dollars in thousands)	2003 versus 2002		
	Increase/(Decrease)		Total
	Due to		Increase/
Interest-earning assets:	Volume	Rate	(Decrease)
Loans receivable, net [1]	$ 188	$ (314)	$ (126)
Investment securities [2]	362	(193)	169
Federal funds	1	(47)	(46)
Interest-bearing bank balances	5	(1)	4
FHLB stock	8	(36)	(28)
Total interest-earning assets	564	(591)	(27)
Interest-bearing liabilities:			
Savings deposits	419	(686)	(267)
Demand and NOW deposits	26	(55)	(29)
Certificates of deposit	(50)	(229)	(279)
Borrowings	21	(7)	14
Total interest-bearing liabilities	416	(977)	(561)
Net interest income	$ 148	$ 386	$ 534

	Three Months		
(Dollars in thousands)	2003 versus 2002		
	Increase/(Decrease)		Total
	Due to		Increase/
Interest-earning assets:	Volume	Rate	(Decrease)

Loans receivable, net [1]	$	145	$	(171)	$	(26)
Investment securities [2]		218		(83)		135
Federal funds		4		(16)		(12)
Interest-bearing bank balances		5		(1)		4
FHLB stock		5		(25)		(20)
Total interest-earning assets		377		(296)		81
Interest-bearing liabilities:						
Savings deposits		186		(322)		(136)
Demand and NOW deposits		15		(25)		(10)
Certificates of deposit		(26)		(113)		(139)
Borrowings		30		(6)		24
Total interest-bearing liabilities		205		(466)		(261)
Net interest income	$	172	$	170	$	342

[1] Calculated net of deferred loan fees, loan discounts, loans in process and loan loss reserves.
[2] Includes tax-free securities, mortgage-backed securities and asset-backed securities.

GENERAL

Return on average assets and return on average equity are common methods of measuring operating results. Return on average assets increased to 1.09% for the six months ended December 31, 2003 as compared to 1.03% for the six months ended December 31, 2002. Return on average assets increased to 1.13% for the quarter ended December 31, 2003 as compared to 0.93% for the quarter ended December 31, 2002. Return on average equity increased to 10.02% for the six months ended December 31, 2003 as compared to 8.75% for the six months ended December 31, 2002. Return on average equity increased to 10.41% for the quarter ended December 31, 2003 as compared to 7.92% for the quarter ended December 31, 2002. The improvement in return on average assets and return on average equity is primarily the result of improved earnings. Net income increased $257,000, or 21.7% when comparing the six month periods ended December 31, 2003 and 2002; and $211,000, or 38.8% when comparing the quarters ended December 31, 2003 and 2002. Average assets increased $34.0 million, or 14.8% to $264.0 million for the six months ended December 31, 2003 as compared $230.0 million for the six months ended December 31, 2002. Average assets increased $33.0 million, or 14.1% to $266.9 million for the quarter ended December 31, 2003 as compared $233.9 million for the six months ended December 31, 2002. Average equity increased $1.7 million, or 6.3% to $28.8 million for the six months ended December 31, 2003 as compared $27.1 million for the six months ended December 31, 2002. Average equity increased $1.5 million, or 5.5% to $29.0 million for the quarter ended December 31, 2003 as compared $27.5 million for the quarter ended December 31, 2002. As illustrated, net income increased more significantly than average assets causing the improvement in return on average assets. Correspondingly, net income also improved more significantly than average equity increased causing the improvement in return on average equity.

INTEREST INCOME

Total interest income remained relatively consistent at $6.5 million for the six-months and $3.3 million for the quarters ended December 31, 2003 and 2002. The primary reason for the relatively flat level of interest income despite an increase in average interest-earning assets of $34.3 million when comparing the six-months ended December 31, 2003 and 2002 was due to the declining yield on such assets of 84 basis points to 5.18% for the six-months ended December 31, 2003 from 6.02% for the six-months ended December 31, 2002. Due to the continued low interest rate environment, as assets mature, investments pay-down and new funds are invested, the yield on such assets has been lower when comparing the six-months and quarter ended December 2003 to the six months and the quarter ended December 2002. This trend is expected to continue as interest rates remain low and essentially flat. As demonstrated in the rate/volume tables above, the decreases in loan yields had the most significant effect on the overall decrease in interest income. However, the increase in investment securities volume offset the corresponding decreases in yield on such investments and contributed to offsetting further decreases in interest income. Included in interest income have been earnings on Federal Home Loan Bank of New York (FHLBNY) stock. As a member of FHLBNY the Bank is required to own stock. During the six months ended December 31, 2003, FHLBNY did not pay dividends on the stock due to a loss that was taken on several investments, further contributing to the overall declining yield on interest-earning assets.

INTEREST EXPENSE

Total interest expense decreased to $1.7 million for the six months ended December 31, 2003 as compared to $2.3 million for the six months ended September 30, 2002, a decrease of $0.6 million, or 26.1%. Total interest expense decreased to $0.9 million for the quarter ended December 31, 2003 as compared to $1.1 million for the quarter ended December 30, 2002, a decrease of $0.2 million, or 18.2%. As demonstrated in the rate/volume table above, the decrease in rates paid on certificates of deposit and savings accounts had the largest impact on the overall decrease in average rate paid on total interest-bearing liabilities.

The rate on interest-bearing liabilities decreased by 78 basis points to 1.47% for the six months ended December 31, 2003 as compared to 2.25% for the six months ended December 31, 2002. This decrease in average rate offset the increase in average interest-bearing liabilities of $31.4 million when comparing the six months ended December 2003 and 2002. The overall rate on interest-bearing liabilities decreased by 74 basis points to 1.44% for the quarter ended December 31, 2003 as compared to 2.18% for the quarter ended December 31, 2002. This decrease in average rate offset the increase in average interest-bearing liabilities of $33.1 million when comparing the quarters ended December 2003 and 2002. In early July 2003, the largest decrease in rate of 50 basis points on core deposit accounts was implemented by the Bank. Correspondingly money market and certificate of deposit rates were also adjusted downward although not necessarily to the same extent. It should be noted however, that further core deposit rate cuts will be difficult given the low rates currently being paid.

NET INTEREST INCOME

Net interest income increased to $4.8 million for the six months and $2.5 million for the quarter ended December 31, 2003 as compared to $4.3 million for the six months and $2.1 million for the quarter ended December 31, 2002, improvements of $0.5 million and $0.4 million, or 11.6% and 19.0%, respectively. Net interest spread decreased to 3.71% as compared to 3.77% and net interest margin decreased to 3.81% as compared to 3.92% when comparing the six month periods ended December 31, 2003 to 2002. These changes were the result of a continued low interest rate environment. As assets mature or the yield on such assets adjust they have frequently been replaced with lower yielding assets resulting in the lower net interest spread and margin when comparing the six-month periods. Net interest spread increased to 3.82% as compared to 3.74% and net interest margin increased to 3.90% as compared to 3.88% when comparing the quarters ended December 31, 2003 to 2002. When comparing both the three and six months periods ended December 31, 2003 and 2002, net interest income was favorably impacted by growth in net interest earning assets. The improvement in net interest income contributed to the overall improvement in net income. In a rising or flat interest rate environment The Bank of Greene County s net interest margin and spread would be more likely to shrink than in a declining rate environment, which could ultimately negatively impact net income.

PROVISION FOR LOAN LOSSES

The provision for loan losses increased to $45,000 for the six-months ended December 31, 2003 as compared to $30,000 for the six-months ended December 31, 2002. During the quarter ended December 31, 2003, no provision for loan losses was recorded as compared to $30,000 for the quarter ended December 31, 2002. The decision to reduce the provision for loan losses to zero for the quarter ended December 31, 2003 was the result of the low level of nonperforming loans to total loans and the relatively high ratio of the allowance for loan loss to nonperforming loans at September 30, 2003.

NONINTEREST INCOME

Noninterest income increased to $1.4 million for the six months ended December 31, 2003 as compared to $1.2 million for the six months ended December 31, 2002, an increase of $0.2 million or 16.7%. Noninterest income increased to $685,000 for the quarter ended December 31, 2003 as compared to $595,000 for the quarter ended December 31, 2002, an increase of $90,000 or 15.1%. A significant item affecting noninterest income was fee income in connection with mortgage refinancing activities whereby previously deferred income was recognized immediately as a result of refinancing. An increase in the volumes associated with e-commerce and debit cards also contributed to higher non-interest income for the given periods. These increased expenses were partially due to an increase in the volume of accounts. During the six months ended December 31, 2002, a gain of $67,000 due to sales of real estate owned affected earnings; such income amounted to $1,500 during the six months ended December 31, 2003.

NONINTEREST EXPENSE

Noninterest expense increased to $4.1 million from $3.7 million, an increase of $0.4 million or 10.8% when comparing the six months ended December 31, 2003 and 2002. Noninterest expense increased to $2.1 million from $1.9 million, an increase of $0.2 million or 10.5% when comparing the quarters ended December 31, 2003 and 2002. Annual salary increases and higher benefit costs, particularly those associated with retirement plans, contributed $323,000 to the overall increase in noninterest expense when comparing the six months ended December 31, 2003 to 2002. The increases in occupancy has resulted from an increase in routine maintenance and repair activities during the six months ended December 31, 2003. Equipment and furniture expense was primarily depreciation expense and remained relatively consistent when comparing the six months ended December 31, 2003 and 2002. Service and data processing fees have primarily increased due to an increase in the volume of accounts being serviced. Office supply expenses have declined primarily due to some technology enhancements that have made the printing of certain forms less expensive as well as an emphasis on cost savings. The primary item contributing to the increase in other noninterest expense was expenses incurred in setting up the new limited purpose Commercial Bank subsidiary of The Bank of Greene County. These expenses amounted to $34,000.
During the quarter ended December 31, 2002, consultants were paid approximately $88,000 for their services in establishing the overdraft privilege program; no such fees were paid during the six months ended December 31, 2003.

INCOME TAXES

The provision for income taxes directly reflects the expected tax associated with the revenue generated for the given year and certain regulatory requirements. The effective tax rate remained relatively consistent at 30.8% for the six months ended December 31, 2003, as compared to 30.9% for the six months ended December 31, 2002. There were no significant changes in activity that would affect the overall tax rate between periods.

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.

The low market interest rate environment had helped to improve the net interest spread and margin in recent quarters; however, an increasing or flat market interest rate environment is expected to have the reverse effect.

Mortgage loan commitments totaled $4.9 million at December 31, 2003. The unused portion of overdraft lines of credit amounted to $0.7 million, the unused portion of home equity lines of credit amounted to $2.8 million, and the unused portion of commercial lines of credit amounted to $2.3 million at December 31, 2003. 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 FHLBNY.

The Bank of Greene County met all regulatory capital requirements at December 31, 2003 and June 30, 2003. Consolidated shareholders equity represented 10.85 % of total assets at December 31, 2003 and 11.33% of total assets of June 30, 2003.

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.

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. is not engaged in any material legal proceedings at the present time.

Item 2. Changes in Securities and Use of Proceeds

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

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

On October 29, 2003, the Company held an annual meeting of shareholders. At the meeting, proposals to (1) elect J. Bruce Whittaker and Charles H. Schaefer to serve as director for three-year terms and until their successors have been elected and qualified, and (2) ratify the engagement of PricewaterhouseCoopers LLP, to be the Company s auditors for the June 30, 2004 fiscal year were approved. There were no broker non-votes. The votes cast for and against there proposals were as follows:

Election to the Board of Directors	For	Withheld
J. Bruce Whittaker	1,949,140	275
Charles H. Schaefer	1,948,973	442

Ratification of PricewaterhouseCoopers LLP	For	Against	Abstain
Number of votes	1,910,167	6,235	1,388

Item 5. Other Information
Not applicable

Item 6. Exhibits and Reports on Form 8-K

(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

(b) Reports on Form 8-K

-A current report on Form 8-K was filed with the SEC on July 16, 2003 announcing the declaration of the semi-annual dividend to be paid on September 1, 2003.
-A current report on Form 8-K was filed with the SEC on July 31, 2003 announcing June 30, 2003 fiscal year end earnings.
-A current report on Form 8-K was filed with the SEC on September 15, 2003 announcing the application filed with the State of New York requesting the establishment of a limited purpose commercial bank.

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: February 13, 2004

By: /s/ J. Bruce Whittaker

J. Bruce Whittaker
President and Chief Executive Officer

Date: February 13, 2004

By: /s/ Michelle Plummer

Michelle Plummer
Chief Financial Officer and Treasurer

EXHIBIT 31.1

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

I, J. Bruce Whittaker, President and Chief Executive Officer, 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) d isclosed 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: February 13, 2004 /s/ J. Bruce Whittaker

J. Bruce Whittaker, 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, Chief Financial Officer, 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) d isclosed 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: February 13, 2004 /s/ Michelle Plummer

Michelle M. Plummer,

Chief Financial Officer

EXHIBIT 32.1

Statement of Chief Executive Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

J. Bruce Whittaker, 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 December 31, 2003 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: February 13, 2004 /s/ J. Bruce Whittaker
J. Bruce Whittaker, 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 December 31, 2003 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: February 13, 2004 /s/ Michelle Plummer
Michelle M. Plummer,
Chief Financial Officer