GREENE COUNTY BANCORP INC
Form 10-Q
February 14, 2003

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, 2002

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 February 13, 2003, the registrant had 2,152,835 shares of common stock issued at $ .10 par value, and 2,026,723 were outstanding.

Transitional Small Business Disclosure
Format: Yes: No: X

GREENE COUNTY BANCORP, INC.

INDEX

Greene County Bancorp, Inc.
Consolidated Statements of Financial Condition
As of December 31, 2002 and June 30, 2002

ASSETS	December 31, 2002 (Unaudited)	J
ASSETS		
Cash and due from banks	$8,199,182	
Federal funds sold	11,264,252	
Total cash and cash equivalents	19,463,434	
Investment securities, at fair value	77,609,142	
Federal Home Loan Bank stock, at cost	1,121,100	
Loans	132,867,078	
Less: Allowance for loan losses	(1,101,641)	
Unearned origination fees and costs, net	(285,509)	

Net loans receivable	131,479,928	
Premises and equipment	4,870,075	
Accrued interest receivable	1,528,334	
Prepaid expenses and other assets	317,167	
Other real estate owned	---	
Total assets	$236,389,180	$
LIABILITIES AND SHAREHOLDERS' EQUITY		
Non-interest bearing deposits	$22,357,684	
Interest bearing deposits	175,631,495	
Total deposits	197,989,179	
Borrowings from FHLB	9,000,000	
Accrued expenses and other liabilities	1,372,343	
Accrued income taxes	101,747	
Total liabilities	208,463,269	
Shareholders' equity		
Preferred stock, Authorized 1,000,000 at December 31, and June 30, 2002;	---	
Common stock, par value $.10 per share; Authorized: 12,000,000 at December 31, and June 30, 2002; Issued: 2,152,835 at December 31, and June 30, 2002; Outstanding: 2,026,043 at December 31, 2002; 2,024,835 at June 30, 2002	215,284	
Additional paid-in capital	10,143,580	
Retained earnings	18,062,878	
Accumulated other comprehensive income	1,369,422	
Less: Treasury stock (shares at cost) 126,792 at December 31, 2002; and 128,000 at June 30, 2002	(1,358,578)	
Unearned stock-based compensation	(128,284)	
Unearned ESOP shares (at cost) 41,552 at December 31, 2002; and 49,972 at June 30, 2002	(378,391)	
Total shareholders' equity	27,925,911	
Total liabilities and shareholders' equity	$236,389,180	$

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Three Months Ended December 31, 2002 and 2001
(Unaudited)

2002

Interest income:	
Loans	$2,332,422
Investment securities	458,350
Mortgage-backed securities	299,140
Tax free securities	116,911
Interest bearing deposits and federal funds sold	39,945
Total interest income	3,246,768
Interest expense:	
Interest on deposits	1,010,724
Interest on borrowings	107,905
Total interest expense	1,118,629
Net interest income	2,128,139
Less: Provision for loan losses	30,000
Net interest income after provision for loan losses	2,098,139
Noninterest income:	
Service charges on deposit accounts	436,286
Other operating income	192,274
Total noninterest income	628,560
Noninterest expense:	
Salaries and employee benefits	937,050
Occupancy expense	96,062
Equipment and furniture expense	145,795
Service and data processing fees	191,988
Office supplies	25,171
Other	525,487
Total noninterest expense	1,921,553
Income before provision for income taxes	805,146
Provision for income taxes	261,400
Net income	$543,746
Basic EPS	$0.27
Basic shares outstanding	1,977,943
Diluted EPS	$0.27
Diluted average shares outstanding	2,031,937

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Six Months Ended December 31, 2002 and 2001
(Unaudited)

	2002
Interest income:	
Loans	$4,732,329
Investment securities	943,242
Mortgage-backed securities	543,390
Tax free securities	218,682
Interest bearing deposits and federal funds sold	104,956
Total interest income	6,542,599
Interest expense:	
Interest on deposits	2,070,763
Interest on borrowings	215,809
Total interest expense	2,286,572
Net interest income	4,256,027
Less: Provision for loan losses	30,000
Net interest income after provision for loan losses	4,226,027
Non-interest income:	
Service charges on deposit accounts	835,887
Other operating income	455,465
Total non-interest income	1,291,352
Non-interest expense:	
Salaries and employee benefits	1,820,734
Occupancy expense	194,840
Equipment and furniture expense	286,775
Service and data processing fees	371,191
Office supplies	53,626
Other	1,075,460
Total non-interest expense	3,802,626
Income before provision for income taxes	1,714,753
Provision for income taxes	529,900

Net income	$1,184,853
Basic EPS	$0.60
Basic average shares outstanding	1,976,780
Diluted EPS	$0.58
Diluted average shares outstanding	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, 2002 and 2001
(Unaudited)

	2002	2001
Net income	$543,749	$381,4
Other comprehensive income:		
Unrealized holding gain / (loss) arising during the three months ended December 31, 2002 and 2001, net of tax expense / (benefit) of $20,585 and ($141,707), respectively.	54,351	(212,5
Total other comprehensive income	54,351	(212,5
Comprehensive income	$598,100	$168,8

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Six Months Ended December 31, 2002 and 2001
(Unaudited)

	2002	200

Net income	$1,184,853	$725,3
Other comprehensive income:		
Unrealized holding gain arising during the six months ended December 31, 2002 and 2001, net of tax expense of $310,366 and $162,308, respectively.	489,021	243,4
Total other comprehensive income	489,021	243,4
Comprehensive income	$1,673,874	$968,8

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Six Months Ended December 31, 2002 and 2001
(Unaudited)

	Capital Stock	Additional Paid - In Capital	Retained Earnings	Accumulate Other Comprehensiv Income
Balance at June 30, 2001	$215,284	$10,188,573	$15,993,025	$499,022
ESOP shares earned		22,822		
Options exercised		(7,227)		
Stock-based compensation earned				
Treasury stock purchased				
Dividends paid			(230,807)	
Net income			725,355	
Change in unrealized gain, net				243,461

Balance at December 31, 2001	$215,284	$10,204,168	$16,487,573	$742,483

	Unearned Stock-based Compensation	Treasury Stock	Unearned ESOP Shares	Total Shareholders Equity
Balance at June 30, 2001	($229,753)	($1,075,923)	($496,638)	$25,093,590
ESOP shares earned			39,773	62,595
Options exercised		27,229		20,002
Stock-based compensation earned	30,634			30,634
Treasury stock purchased		(531,125)		(531,125)
Dividends paid				(230,807)
Net income				725,355
Change in unrealized gain, net				243,461
Balance at December 31, 2001	($199,119)	($1,579,819)	($456,865)	$25,413,705

Balance at June 30, 2002	$215,284	$10,084,621	$17,164,403	$880,401
ESOP shares earned		62,396		
Options exercised		(3,437)		
Stock-based compensation earned				
Dividends paid			(286,378)	
Net income			1,184,853	
Change in unrealized gain, net				489,021
Balance at December 31, 2002	$215,284	$10,143,580	$18,062,878	$1,369,422

Balance at June 30, 2002	($156,791)	($1,371,527)	($415,685)	$26,400,706
ESOP shares earned			37,294	99,690
Options exercised		12,949		9,512
Stock-based compensation earned	28,507			28,507
Dividends paid				(286,378)
Net income				1,184,853
Change in unrealized gain, net				489,021
Balance at December 31, 2002	($128,284)	($1,358,578)	($378,391)	$27,925,911

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Cash Flows
For the Six Months Ended December 31, 2002 and 2001
(Unaudited)

	2002
Cash flows from operating activities:	
Net Income	$1,184,853
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	277,800
Net amortization of premiums	171,304
Provision for loan losses	30,000
ESOP and other stock-based compensation earned	128,197
Gain on sale of other real estate	(59,770)
Net (decrease) increase in accrued income taxes	(29,540)
Net increase in accrued interest receivable	(76,230)
Net increase in prepaid and other assets	(20,476)
Net increase in other liabilities	150,017

Net cash provided by operating activities	1,756,155
Cash flows from investing activities:	
Proceeds from maturities and calls of securities	7,269,854
Purchases of securities and other investments	(3,727,224)
Principal payments on securities	755,936
Principal payments on mortgage-backed securities	3,807,962
Purchases of mortgage-backed securities	(18,999,057)
Net increase in loans receivable	(3,136,644)
Proceeds from the sale of other real estate	90,000
Purchases of premises and equipment	(184,254)
Net cash used in investing activities	(14,123,427)
Cash flows from financing activities:	
Dividends paid	(286,378)
Purchase of treasury stock	---
Proceeds from issuance of stock options	9,512
Net increase (decrease) in deposits	14,275,551
Net cash provided by financing activities	13,998,685
Net increase in cash and cash equivalents	1,631,413
Cash and cash equivalents at beginning of period	17,832,021
Cash and cash equivalents at end of period	$19,463,434

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Notes to Financial Statements
As of and for the Three and Six Months Ended December 31, 2002 and 2001

(1) Basis of Presentation

The accompanying consolidated balance sheet information for June 30, 2002 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, 2002. The consolidated financial statements at and for the three months and six months ended December 31, 2002 and 2001 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 the Company's Annual Report on Form 10-KSB for the year ended June 30, 2002, 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, 2002 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2003.

The Company'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 loss 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 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 is primarily engaged in the business of attracting deposits from the general public in the Bank'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 related 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 Company's Allowance and the carrying value of OREO and other assets. Such authorities may require the Company 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) issued 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.

Three Months Ended	Net Income	Weighted Average Number of Shares Outstanding	Earnings Per Share
December 31, 2002:	$543,746		
Basic EPS		1,977,943	$0.27
Diluted EPS		2,031,937	$0.27
December 31, 2001:	$381,401		
Basic EPS		1,950,176	$0.20
Diluted EPS		2,002,292	$0.19

Six Months Ended	Net Income	Weighted Average Number of Shares Outstanding	Earnings Per Share
December 31, 2002:	$1,184,853		
Basic EPS		1,976,780	$0.60
Diluted EPS		2,030,034	$0.58
December 31, 2001:	$725,355		
Basic EPS		1,962,023	$0.37
Diluted EPS		2,010,782	$0.36

(5) Dividends

The Board of Directors declared a semi-annual $0.32 per share cash dividend on July 19, 2002, for shareholders of record August 15, 2002, payable September 1, 2002. The dividend reflected an annual cash dividend rate of $0.64 per share, which represented an increase from the previous annual cash dividend rate of $0.56 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, the Company's mutual holding company.

(6) Subsequent events

On January 21, 2003, Board of Directors declared a semi-annual cash dividend of $0.34 per share of the Company's common stock. The dividend reflected an annual cash dividend rate of $0.68 per share, which represented an increase from the current annual cash dividend rate of $0.64 per share. The dividend will be payable to stockholders of record as of February 15, 2003, and will be paid on March 1, 2003. The Company's mutual holding company has waived receipt of the cash dividend.

(7) Impact of Inflation and Changing Prices

The consolidated financial statements of the Company and notes thereto, presented elsewhere herein, have been prepared in accordance with U.S. generally accepted accounting principles, which requires 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 the Company's operations. Unlike most industrial companies, nearly all the assets and liabilities of the Company are monetary. As a result, interest rates have a greater impact on the Company'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.

(8) Impact of Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued Statement No. 142, "Goodwill and Other Intangible Assets", which requires acquired intangible assets (other than goodwill) to be amortized over their useful economic lives, while goodwill and any acquired intangible assets with an indefinite useful economic life would not be amortized, but would be reviewed for impairment on an annual basis based upon guidelines specified by the statement. The adoption of this statement in fiscal 2003 had no impact on the Company's consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which replaces Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." Under SFAS No. 146, liabilities for costs associated with an exit or disposal activity are to be recognized when the liability is incurred. Under EITF Issue No. 94-3, liabilities related to exit or disposal activities were recognized when an entity committed to an exit plan. In addition, Statement No. 146 establishes that the objective for the initial measurement of the liability is fair value. Statement No. 146 is effective for exit and disposal activities initiated after December 31, 2002. The Company is currently evaluating the impact the adoption of this statement will have on its financial statements but does not believe it will be material.

In October 2002, the FASB issued Statement No. 147, "Acquisitions of Certain Financial Institutions", which no longer requires the separate recognition and subsequent amortization of goodwill that was originally required by Statement No. 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions". Instead, SFAS 72 goodwill would be accounted for in accordance with Statement No. 142, "Goodwill and Other Intangible Assets" and would be subject to an annual impairment test. SFAS 147 also amends Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets, to include in its scope core deposit intangibles. Those intangible assets are now subject to the same recoverability and impairment loss recognition provisions that SFAS 144 requires for other long-lived assets. SFAS 147 was effective October 1, 2002. The adoption of SFAS 147 did not have an impact on the financial statements.

In December 2002, the FASB issued Statement No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment to FASB Statement 123". SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS 148 is effective for financial statements for fiscal years ending after December 15, 2002. The adoption of SFAS 148 is not expected to have a material impact on the financial statements.

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

General

The Company's results of operations depend primarily on its net interest income, which is the difference between the income earned on the Company'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 the Company'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. The Company'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 the Company.

Special Note Regarding Forward Looking Statements

This quarterly report contains forward-looking statements. The Company 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 the Company's expectations of future financial results. The words "believe," "expect," "anticipate," "project," and similar expressions identify forward-looking statements. The Company'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 Company's loan and investment portfolios,
(f) deposit flows,
(g) competition, and
(h) demand for financial services in the Company'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, 2002 and June 30, 2002

ASSETS

Total assets increased to $236.4 million at December 31, 2002 from $220.2 million at June 30, 2002, an increase of $16.2 million, or 7.4%. Growth was most significant in the cash and investments portfolios as well as to a lesser extent in the loan portfolio. Deposit growth funded the asset growth and appeared to be the result of continued reduced investment in the equity markets and investors appeared to continue to be conservative in their investment options.

CASH AND CASH EQUIVALENTS

Total cash and cash equivalents increased to $19.5 million at December 31, 2002 from $17.8 million at June 30, 2002, an increase of $1.7 million, or 9.6%. The increase was a result of continued deposit inflows as noted above.

INVESTMENT SECURITIES

Investment securities increased to $77.6 million at December 31, 2002 as compared to $66.1 million at June 30, 2002, an increase of $11.5 million, or 17.4%. During the six months ended December 31, 2002, the investment portfolio shifted toward mortgage-backed securities and state and political subdivision securities representing 36.9% and 15.8% of the portfolio, respectively, at December 31, 2002 as compared to 29.6% and 13.3% of the portfolio, respectively, at June 30, 2002. A shift away from corporate debt securities as a percentage of the total portfolio occurred between June 30, 2002 and December 31, 2002. Due to the potential credit problems of some corporations, the Company has focused more heavily on debt with some form of guarantee such as a U.S. agency guarantee which often accompanies investment in mortgage-backed securities. The Company has also shifted the portfolio toward more adjustable rate securities than in the past in an effort to provide some future interest rate risk protection in a rising rate environment. Investment securities represent 32.8% of total assets at December 31, 2002 as compared to 30.0% at June 30, 2002. The shift was partially a result of loan demand being slightly lower than inflows of deposits allowing the Company to invest additional funds in investment securities. During the six months ended December 31, 2002, the Company purchased $19.0 million in mortgage-backed securities which were partially offset by the principal pay down of mortgage-backed securities of $3.8 million. Maturities or calls of investment securities other than mortgage-backed securities amounted to $7.3 million for the six months ended December 31, 2002, offsetting purchases of $3.7 million during the same period.

(Dollars rounded to nearest thousand)	Market value at Dec. 31, 2002	Percentage of portfolio	Market value June 30, 2002
U.S. government agencies	$16,012	20.6%	$14,862
State and political subdivisions	12,244	15.8	8,811
Mortgage-backed securities	28,642	36.9	19,564
Asset-backed securities	427	0.6	818
Corporate debt securities	18,994	24.4	20,760

Total debt securities	76,319	98.3	64,815
Equity securities and other	1,290	1.7	1,274
Total available-for-sale securities	$77,609	100.0%	$66,089

LOANS

Net loans receivable increased to $131.5 million at December 31, 2002 from $128.4 million at June 30, 2002, an increase of $3.1 million, or 2.4%. The continued low interest rate environment and strong customer satisfaction from personal service continued to enhance loan growth. Commercial real estate mortgages increased $1.6 million, or 18.2%, to $10.4 million at December 31, 2002 as compared to $8.8 million at June 30, 2002. Commercial mortgages and commercial loans as a percentage of total loans increased to 7.8% and 4.2%, respectively, at December 31, 2002 as compared to 6.8% and 3.3% at June 30, 2002 which caused residential mortgages and installment loans to decrease as a percentage of total loans to 78.2% and 3.8% respectively, at December 31, 2002, as compared to 79.8% and 4.3% at June 30, 2002. Loan demand continued to be strong, but at a slightly slower rate than experienced during fiscal 2002. The decrease in demand appeared to be the result of the overall weakened economic conditions.

(Dollars rounded to nearest thousand)	At Dec. 30, 2002	Percentage of portfolio	At June 30, 2002
Real estate mortgages			
Residential	$103,944	78.2%	$103,494
Commercial	10,410	7.8	8,764
Home equity loans	7,397	5.6	6,957
Commercial loans	5,598	4.2	4,356
Installment loans	4,988	3.8	5,611
Passbook loans	530	0.4	545
Total loans	$132,867	100.0%	$129,727
Less: Allowance for loan losses	(1,102)		(1,069)
Unearned origination fees and costs, net	(285)		(285)
Net loans receivable	$131,480		$128,373

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's allowance for loan losses and valuation of OREO. Such agencies may require the Bank 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 fiscal year ended June 30, 2002, and the six months ended December 31, 2002 the level of provision was affected by the growth of the loan portfolio and composition of the portfolio shifting to more commercial loans. These types of loans generally possess a higher degree of credit risk than traditional one-to-four family residential mortgage loans. Management also implemented improved procedures for pursuing delinquent and previously charged-off accounts during fiscal year 2002, which appeared to have helped reduce the effect of credit quality deterioration due to current economic weakness in the overall economy. Any increase in the allowance for loan losses or loan charge-offs could have a material adverse effect on the Company's results of operations and financial condition.

	Six months ended December 31, 2002	Six months ende December 31, 20
Balance at the beginning of the period	$1,068,734	$886,
Charge-offs:		
Commercial real estate mortgage loans	---	-
Commercial loans	13,319	-
Home equity	---	2,
Installment loans to individuals	26,032	18,
Total loans charged off	39,351	21,
Recoveries:		
Commercial loans	24,093	
Installment loans to individuals	18,165	12,
Total recoveries	42,258	12,
Net (recoveries) charge-offs	(2,907)	8,
Provisions charged to operations	30,000	98,
Balance at the end of the period	$1,101,641	$976,
Ratio of net charge-offs to average loans outstanding	(0.00%)	0
Ratio of net charge-offs to nonperforming assets	(0.95%)	1
Allowance for loan loss to nonperforming loans	359.28%	170
Allowance for loan loss to net loans receivable	0.84%	0

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 had no accruing loans delinquent more than 90 days at December 31, 2002 or June 30, 2002.

Analysis of Nonaccrual Loans and Nonperforming Assets

	At December 31, 2002	At June 30, 20
Nonaccruing loans:		
Real estate mortgage loans:		
Residential mortgages loans (one- to four-family)	$210,621	$313,
Commercial mortgage loans	15,178	-
Home equity	---	-
Installment loans to individuals	80,823	18,
Total nonaccruing loans	306,622	332,
Real Estate Owned:		
Commercial mortgage loans	---	30,
Total real estate owned	---	30,
Total nonperforming assets	$306,622	$363,
Total nonperforming assets as a percentage of total assets	0.13%	0.
Total nonperforming loans to net loans receivable	0.23%	0.

DEPOSITS

Total deposits increased to $198.0 million at December 31, 2002 from $183.7 million at June 30, 2002, an increase of $14.3 million, or 7.8%. Savings accounts experienced the most significant dollar growth between June 30, 2002, and December 31, 2002, increasing $6.3 million, or 8.9%, to $77.1 million from $70.8 million. Money market accounts experienced the most significant percentage growth between June 30, 2002, and December 31, 2002, increasing $5.8 million, or

41.7%, to $19.7 million as compared to $13.9 million. Due to the continued poor returns in the equity market and doubt about the credibility of corporate America, investors appeared to continue to prefer to invest their funds in safer, more liquid accounts such as money market deposits and savings deposits. The historically low interest rates offered on certificates of deposit, which are relatively illiquid, also contributed to investors choosing money market and savings deposits.

(Dollars rounded to nearest thousand)	At Dec. 31, 2002	Percentage of portfolio	At June 30, 2002	P of
Noninterest bearing deposits	$22,349	11.3%	$22,067	
Certificates of deposit	63,474	32.1	62,645	
Savings deposits	77,148	39.0	70,825	
Money market deposits	19,685	9.9	13,883	
NOW deposits	15,333	7.7	14,294	
Total deposits	$197,989	100.0%	$183,714	

BORROWINGS

There was no change in the borrowings from the Federal Home Loan Bank between June 30, 2002 and December 31, 2002.

At December 31, 2002 and June 30, 2002, the Bank had the following borrowings:

Amount	Rate	Maturity Date
$4,000,000	2.19% -Fixed	01/14/2003
2,500,000	6.82% -Fixed	09/02/2004
2,500,000	6.80% -Fixed	10/04/2005
$9,000,000		

ACCRUED EXPENSES AND OTHER LIABILITIES

At December 31, 2002, accrued expenses and other liabilities amounted to $1.4 million as compared to $0.9 million at June 30, 2002, an increase of $0.5 million. The increase was primarily due to increased deferred taxes associated with unrealized gains on available-for-sale securities.

EQUITY

The primary changes in equity included changes in retained earnings and accumulated comprehensive income. Retained earnings was affected by net income of $1.2 million and partially offset by dividends paid of $286,000. Treasury stock decreased by $13,000 due to the exercise of 1,208 options under the 2000 Stock Option Plan reducing the number of shares held in treasury to 126,792. Net unrealized gains associated with the available-for-sale investment portfolio caused accumulated other comprehensive income to increase by approximately $489,000, net of tax. The remaining changes in equity are 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.

Comparison of Operating Results for the Six and Three Months
Ended December 31, 2002 and 2001

GENERAL

Return on average assets and return on average equity are common methods of measuring operating results. Return on average assets increased to 1.02% for the six months ended December 31, 2002 as compared to 0.75% for the six months ended December 31, 2001. These ratios were based on average assets of $231.7 million and $193.7 million and net income of $1.2 million and $0.7 million for the six months ended December 31, 2002 and 2001, respectively. Return on average assets increased to 0.93% for the quarter ended December 31, 2002 as compared to 0.78% for the quarter ended December 31, 2001 and were based on average assets of $233.9 million and $196.3 million and net income of $544,000 and $381,000, respectively. Return on average equity increased to 8.72% for the six months ended December 31, 2002 as compared to 5.71% for the six months ended December 31, 2001 based on average equity of $27.2 million and $25.4 million, respectively for these periods. Return on average equity increased to 7.90% for the quarter ended December 31, 2002 as compared to 5.99% for the quarter ended December 31, 2001 based on average equity for the respective quarters of $27.5 million and $25.5 million, respectively. The improvement in the return on average assets and return on average equity for the three and six month periods were primarily the result of increases in the net income of the Company. The reasons for the increases in net income are further discussed below.

INTEREST INCOME

Total interest income increased to $6.5 million for the six months ended December 31, 2002, as compared to $6.1 million for the six months ended December 31, 2001, an increase of $0.4 million, or 6.6%. Total interest income increased to $3.2 million for the quarter ended December 31, 2002 as compared to $3.1 million for the quarter ended December 30, 2001, an increase of $0.1 million, or 3.1%.

Interest earned on loans represented the largest dollar increase in total interest income. Interest earned on loans increased $300,000, or 6.8% to $4.7 million as compared to $4.4 million when comparing six month periods ended December 31, 2002 and 2001, respectively. This increase was a result of an increase in average loans outstanding of $13.7 million, to $130.4 million for the six months ended December 31, 2002 as compared to $116.7 million for the six months ended December 31, 2001. The increase in average balance was offset by a decrease in the yield on such loans which decreased 35 basis points to 7.26% for the six months ended December 31, 2002 as compared to 7.61% for the six months ended December 31, 2001. Similarly, interest earned on loans for the quarter ended December 31, 2002 increased to $2.3 million as compared to $2.2 million for the quarter ended December 31, 2001, an increase of $0.1 million, or 4.6%. Average loans outstanding for the quarter ended December 31, 2002 amounted to $130.9 million as compared to $119.0 million for the quarter ended December 31, 2001, an increase of $11.9 million, or 10.0%. The average yield on such loans decreased to 7.13% for the quarter ended December 31, 2002 as compared to 7.56% for the quarter ended December 31, 2001, a decrease of 43 basis points. Loan growth continued to be relatively strong despite the weakening economic conditions. This growth appeared to be spurred by the current low interest environment which encouraged customers to make household improvements or upgrade to larger, more expensive homes. Also, the Bank continued to grow its commercial loan portfolio through efforts to win commercial customers in all areas of banking products from loans to checking accounts.

Interest earned on mortgage backed securities also contributed to the overall increase in total interest earned when comparing the quarters and six months ended December 31, 2002 and 2001. Interest income represented $0.5 million for the six months ended December 31, 2002 as compared to $0.3 million for the six months ended December 31, 2001, an increase of $0.2 million or 66.7%. As a result, interest on mortgage-backed securities represented 8.3% of total interest income for the six months ended December 31, 2002 as compared to 4.8% of total interest income for the six months ended December 31, 2001. When comparing the quarters ended December 31, 2002 and 2001, interest earned on mortgage-backed securities had corresponding increases to the six-month periods. Interest earned on mortgage-backed securities increased to $0.3 million for the quarter ended December 31, 2002, as compared to $0.2 million for the quarter ended December 31, 2001, an increase of $0.1 million, or 50.0%. Interest earned on investment securities other than mortgage-backed securities including tax-free securities, remained relatively consistent when comparing the three and six month periods ended December 31, 2002 and 2001.

Federal Reserve rate cuts and lower average balances were the reasons for the decrease in amount of federal funds interest income when comparing the six months and quarters ended December 31, 2002 and 2001. Interest income earned on federal funds and interest bearing deposits decreased $114,000, or 52.1% to $105,000 for the six months ended December 31, 2002 as compared to $219,000 for the six months ended December 31, 2001. The decrease was a result of a decrease in the federal funds average balance to $10.6 million for the six months ended December 31, 2002 as compared to $14.0 million for the six months ended December 31, 2001, a decrease of $3.4 million, or 24.3%. The average rate on federal funds fell 113 basis points to 1.84% for the six months ended December 31, 2002 from 2.97% for the six months ended December 31, 2001. Similarly, a decrease in the average balance of $1.8 million and 92 basis points when comparing the quarters ended December 31, 2002 and 2001, contributed to a decrease of $35,000 in interest earned on federal funds and interest bearing deposits.

The average balance of all investment securities increased to $74.7 million for the six months ended December 31, 2002 as compared to $49.8 million for the six months ended December 31, 2001, an increase of $24.9 million, or 50.0%. The yield on all investment securities, however, fell 136 basis points to 4.49% as compared to 5.85% when comparing the six months ended December 31, 2002 and 2001, respectively. Similarly, the average balance of all investment securities for the quarter ended December 31, 2002 amounted to $77.7 million at an average yield of 4.40% as compared to $51.6 million at an average yield of 5.56% for the quarter ended December 31, 2001, an increase in average balance of $26.1 million and a decrease in average yield of 116 basis points. The growth in the level of deposits and borrowed money funded the investment portfolio increases. The low interest rate environment associated with several Federal Reserve rate cuts accounted for the decrease in yield.

INTEREST EXPENSE

Interest expense on deposits amounted to $2.1 million for the six months ended December 31, 2002 as compared to $2.4 million for the six months ended December 31, 2001, a decrease of $0.3 million, or 12.5%. Interest expense on deposits amounted to $1.0 million for the quarter ended December 31, 2002 as compared to $1.2 million for the quarter ended December 31, 2001, a decrease of $0.2 million or 16.7%. These decreases were the result of decreases in the average rates paid on all types of deposit accounts despite increases in the average balances.

The most significant average rate decrease was 143 basis points on certificates of deposit which fell to 3.29% for the six months ended December 31, 2002 as compared to 4.72% for the six months ended December 31, 2001. An increase in the average balance of certificates of deposit of $2.5 million to $64.3 million for the six months ended December 31, 2002 as compared to $61.8 for the six months ended December 31, 2001 partially offset the decrease in average rate.

Similarly, an increase in the average balance of certificates of deposit of $0.7 million to $64.0 million for the quarter ended December 31, 2002 as compared to $63.3 million for the quarter ended December 31, 2001, partially offset the decrease in average rate of 130 basis points from 4.49% to 3.19% when comparing the quarters ended December 31, 2002 and 2001. The average balance of savings and escrow accounts increased $23.1 million, or 33.3% to $92.3 million for the six months ended December 31, 2002 as compared to $69.2 million for the six months ended December 31, 2001. The decrease in average rate on such balances partially offset the effects of the increase in average balance on savings and escrow accounts. The average rate on savings and escrow accounts decreased to 2.04% for the six months ended December 31, 2002 as compared to 2.50% for the six months ended December 31, 2001, a decrease of 46 basis points. Similarly, a decrease of 30 basis points in the average rate paid on savings and escrow accounts partially offset an increase in the average balance of such accounts of $23.7 million when comparing the quarters ended December 31, 2002 and 2001.

Interest expense on borrowings increased $44,000 to $216,000 for the six months ended December 31, 2002 as compared to $172,000 for the six months ended December 31, 2001. Interest expense on borrowings increased $22,000 for the quarter ended December 31, 2002 to $108,000 as compared to $86,000 for the quarter ended December 31, 2001. These increases were the result of an increase in the average balance of borrowings to $9.0 million and decrease in average rate to 4.80% from $5.0 million in average balance of borrowings and 6.87% in average rate paid on such borrowings for the three and six months ended December 31, 2002 and 2001, respectively.

NET INTEREST INCOME

Net interest income, a function of interest income and interest expense, increased to $4.3 million for the six months ended December 31, 2002, from $3.6 million for the six months ended December 31, 2001, an increase of $0.7 million, or 19.4%. Net interest income increased to $2.1 million for the quarter ended December 31, 2002 as compared to $1.8 million for the quarter ended December 31, 2001, an increase of $0.3 million, or 16.7%. As a result of changes in interest-earning assets and interest-bearing liabilities, as well as changes in the yield and rate on such assets and liabilities, net interest spread increased to 3.76% for the six months ended December 31, 2002 as compared to 3.64% for the six months ended December 31, 2001, an improvement of 12 basis points. Also, net interest margin increased to 3.92% for the six months ended December 31, 2002 as compared to 3.90% for six months ended December 31, 2001, an improvement of 2 basis points. The net interest spread remained constant at 3.72% when comparing the quarters ended December 31, 2002 and 2001. However, net interest margin decreased 7 basis points to 3.88% for the quarter ended December 31, 2002 as compared to 3.95% for the quarter ended December 31, 2001. These changes were the result of a continued low interest rate environment experienced during the last calendar year. As assets mature or the yield on such assets adjust they have frequently been replaced with lower yielding assets resulting in the decreased net interest spread and margin when comparing the quarters ended December 31, 2002 and 2001. The improvement in net interest income contributed to the overall improvement in net income. In a rising rate environment the Bank's net interest margin and spread would be more likely to shrink than in a declining rate environment.

PROVISION FOR LOAN LOSSES

The provision for loan losses was reduced to $30,000 for the quarter and six month period ended December 31, 2002 as compared to $68,900 for the quarter and $98,900 for the six months ended December 31, 2001. The decrease was a result of the receipt of a large recovery which served to meet the reserve requirements for the allowance in the quarter ended September 30, 2002, as well as the reduced level of delinquent loans when comparing the time frames. There were several factors contributing to a decrease in the provision during the six months ended December 31, 2002, including the receipt of a large recovery of a portion of a previously charged-off loan, the continued low level of nonaccrual loans and delinquent assets relative to the size of the loan portfolio, and the relatively low level of charge-offs experienced during the last several quarters.

NONINTEREST INCOME

Total noninterest income amounted to $1.3 million for the six months ended December 31, 2002 as compared to $0.8 million for the six months ended December 31, 2001, an increase of $0.5 million, or 62.5%. Total noninterest income for the quarter ended December 31, 2002 increased to $629,000 as compared to $464,000 for the quarter ended December 31, 2001, an increase of $165,000, or 35.6% Service charges on deposit accounts contributed the largest portion of the increase in overall noninterest income increasing to $836,000 for the six months ended December 31, 2002 as compared to $489,000 for the six months ended December 31, 2001, an increase of $347,000, or 71.0%. The quarterly increase in service charges amounted to $134,000 or 44.4%, increasing to $436,000 for the quarter ended December 31, 2002 as compared to $302,000 for the quarter ended December 31, 2001. The primary item contributing to these service charges was the introduction of the Carefree Overdraft Privilege program which was initiated during October 2001 and has proven to be well liked by customers of the Bank. The same fee that would apply to a check drawn on insufficient funds or an uncollected item is charged when the overdraft privilege is used; however, in this case the customers' check is not returned, but paid and the fee is collected. The increase in the overall volume of deposit accounts also contributed to the increase in charges on such accounts for items such as a monthly service charge on accounts which fall below certain minimum balance levels.

Other operating income increased to $455,000 for the six months ended December 31, 2002 as compared to $327,000 for the six months ended December 31, 2201, an increase of $128,000 or 39.1%. For the quarter ended December 31, 2002 other operating income amounted to $192,000 as compared to $162,000 for the quarter ended December 31, 2001. The most significant factor contributing to the six months increase in other operating income was profit on the sale of REO properties which amounted to approximately $67,000. The Bank continues to have success in its marketing of merchant credit card processing and upgrading checking account products for existing customers which enhances the profit margin on such checking products. Fees earned on debit cards also contributed to the increases in other operating income for the quarter and six-month periods.

NONINTEREST EXPENSE

Noninterest expense for the six months ended December 31, 2002 increased to $3.8 million as compared to $3.3 million for the six months ended December 31, 2001, an increase of $0.5 million, or 15.2%. Noninterest expense increased to $1.9 million for the quarter ended December 31, 2002 as compared to $1.7 million for the quarter ended December 31, 2001, an increase of 11.8%. The increase in salaries and employee benefits of $191,000 and $100,000 when comparing the six months and quarters ended December 31, 2002 and 2001, respectively, was a result of annual salary increases, increased expenses associated with medical benefits and retirement plans as well as some additional staffing. Approximately $30,000 of the increases in employee benefits when comparing both the six months and quarters ended December 31, 2002 to 2001 were due to increased retirement plan costs. The increases in furniture and equipment expense of approximately $69,000 when comparing the six months and $38,000 when comparing the quarters ended December 31, 2002 to 2001, respectively, resulted from increased depreciation expense associated with the replacement and upgrade of some computers and other communications technology. The increases in service and data processing fees of approximately $62,000 when comparing the six months and $36,000 when comparing the quarters ended December 31, 2002 and 2001, respectively, were due to an increase in the volume of deposit and loan accounts as well as fees associated with increased ATM processing. The decreases in office supplies were largely based on supply needs and some reductions in supply expenses due to changes in technology allowing cheaper or more efficiently produced supplies such as forms. Other noninterest expense items which contributed to the increases of $219,000 when comparing the six months and $80,000 when comparing the quarters ended December 31, 2002 and 2001, respectively were increases in the commission paid to the consultant which helped coordinate the kick-off of the overdraft privilege program, additional advertising associated with several programs the Bank is promoting, additional or increased computer licensing fees and other computer security expenses as well as increases in postage expenses due to postal rate increases and volume increases related to more deposit and loan accounts. Some expenses have increased as a result of the overdraft privilege program including the charge-off of uncollected balances on overdrawn accounts.

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. Income tax expense increased to $530,000 for the six months ended December 31, 2002 from $277,000 for the six months ended December 31, 2001, an increase of $253,000, or 91.3%. The effective tax rate increased to 30.9% for the six months ended December 31, 2002, as compared to 27.7% for the six months ended December 31, 2001 in anticipation of the effective rate required for the fiscal year ending June 30, 2003. A major reason for the change in effective rate was due to the expected decrease in the percentage of total income that municipal securities and other tax free investments are expected to contribute to total income during the current fiscal year.

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. The Company's most significant form of market risk is interest rate risk since the majority of the Company's assets and liabilities are sensitive to changes in interest rates. The Company'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.

During the last year the declining market interest rate environment has helped to improve the net interest spread and margin; however, an increasing market interest rate environment will have the reverse effect.

Mortgage loan commitments totaled $4.3 million at December 31, 2002. The unused portion of overdraft lines of credit amounted to $0.8 million, the unused portion of home equity lines of credit amounted to $1.7 million, and the unused portion of commercial lines of credit amounted to $1.7 million at December 31, 2002. The Company 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.

The Bank met all regulatory capital requirements at December 31, 2002 and 2001. Consolidated shareholders' equity represented 11.8% of total assets at December 31, 2002 and 12.0% of total assets of June 30, 2002.

Item 3. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation within 90 days prior to the filing date of this report, that the Company's disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-14 (c) and 15d-14(c)) are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of the foregoing evaluation.

Part II. Other Information

Item 1. Legal Proceedings
The Company 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 23, 2002, the Company held an annual meeting of shareholders. At the meeting, proposals to (1) elect Directors Dennis R. O'Grady and Martin C. Smith each 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, 2003 fiscal year were approved. There were no broker non-votes. The votes cast for and against these proposals were as follows:

Election to the Board Directors	For	Withheld
Dennis R. O'Grady	1,916,457	1,333
Martin C. Smith	1,919,393	1,397

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
Exhibit 99.1 - Written Statement of Chief Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U. S.C. Section 1350.

Exhibit 99.2 - Written Statement of Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

(b) No Form 8-K reports were filed during the quarter ended December 31, 2002.

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 14, 2003

By: /s/ J. Bruce Whittaker

J. Bruce Whittaker
President and Chief Executive Officer

Date: February 14, 2003

By: /s/ Michelle Plummer

Michelle Plummer
Chief Financial Officer and Treasurer

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 quarterly 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 registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusion about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ J. Bruce Whittaker

President and Chief Executive Officer

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

I, Michelle Plummer, Chief Financial Officer and Treasurer, 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 quarterly 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 registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusion about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

d) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

e) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ Michelle Plummer

Chief Financial Officer and Treasurer

EXHIBIT 99.1

STATEMENT FURNISHED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C SECTION 1350

The undersigned, J. Bruce Whittaker, is the President and Chief Executive Officer of Greene County Bancorp, Inc. (the "Company").

This statement is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2002 (the "Report").

By execution of this statement, I certify that:

A) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and

B) 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 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

February 14, 2003 /s/ J. Bruce Whittaker

Dated J. Bruce Whittaker

EXHIBIT 99.1

STATEMENT FURNISHED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C SECTION 1350

The undersigned, Michelle Plummer, is the Chief Financial Officer and Treasurer of Greene County Bancorp, Inc. (the "Company").

This statement is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2002 (the "Report").

By execution of this statement, I certify that:

A) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and

B) 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 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

February 14, 2003 /s/ Michelle Plummer

Dated	Michelle Plummer