GREENE COUNTY BANCORP INC
Form 10-Q
February 14, 2012

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2011

OR

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

GREENE COUNTY BANCORP, INC.

(Exact name of registrant 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: _____

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

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

Large accelerated filer _____	Accelerated filer _____
Non-accelerated filer _____	Smaller reporting company X

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

As of February 8, 2012, the registrant had 4,154,562 shares of common stock outstanding at $ 0.10 par value per share.

GREENE COUNTY BANCORP, INC.

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Greene County Bancorp, Inc.
Consolidated Statements of Financial Condition
As of December 31, 2011 and June 30, 2011
(Unaudited)
(In thousands, except share and per share amounts)

ASSETS	December 31, 2011	June 30, 2011
Cash and due from banks	$19,013	$9,245
Federal funds sold	1,042	721
Total cash and cash equivalents	20,055	9,966
Securities available for sale, at fair value	77,235	90,117
Securities held to maturity, at amortized cost	128,748	124,177
Federal Home Loan Bank stock, at cost	1,273	1,916
Loans	317,041	305,620
Allowance for loan losses	(5,617)	(5,069)
Unearned origination fees and costs, net	410	495
Net loans receivable	311,834	301,046
Premises and equipment	15,044	15,407
Accrued interest receivable	2,714	2,716
Foreclosed real estate	361	443
Prepaid expenses and other assets	2,319	1,737
Total assets	$559,583	$547,525
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	$53,766	$49,313
Interest bearing deposits	440,203	420,584
Total deposits	493,969	469,897
Borrowings from FHLB, short-term	---	14,300
Borrowings from FHLB, long-term	12,000	12,000
Accrued expenses and other liabilities	2,993	3,247
Total liabilities	508,962	499,444
Shareholders' equity:		
Preferred stock,		
Authorized - 1,000,000 shares; Issued - None	---	---
Common stock, par value $.10 per share;		

Authorized - 12,000,000 shares		
Issued - 4,305,670 shares		
Outstanding - 4,150,228 shares at December 31, 2011		
and 4,145,828 shares at June 30, 2011;	431	431
Additional paid-in capital	11,042	11,001
Retained earnings	39,695	37,336
Accumulated other comprehensive income	626	519
Treasury stock, at cost 155,442 shares at December 31, 2011		
and 159,842 shares at June 30, 2011	(1,173)	(1,206)
Total shareholders' equity	50,621	48,081
Total liabilities and shareholders' equity	$559,583	$547,525

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Six Months Ended December 31, 2011 and 2010
(Unaudited)
(In thousands, except share and per share amounts)

	2011	2010
Interest income:		
Loans	$8,943	$9,046
Investment securities - taxable	470	577
Mortgage-backed securities	2,310	1,823
Investment securities - tax exempt	626	576
Interest bearing deposits and federal funds sold	14	20
Total interest income	12,363	12,042
Interest expense:		
Interest on deposits	1,714	2,045
Interest on borrowings	227	305
Total interest expense	1,941	2,350
Net interest income	10,422	9,692
Provision for loan losses	896	836
Net interest income after provision for loan losses	9,526	8,856
Noninterest income:		
Service charges on deposit accounts	1,255	1,173
Debit card fees	688	619
Investment services	137	148
E-commerce fees	55	55
Net gain on sale of available-for-sale securities	11	212
Other operating income	276	254
Total noninterest income	2,422	2,461
Noninterest expense:		
Salaries and employee benefits	3,944	3,971
Occupancy expense	613	611
Equipment and furniture expense	332	280
Service and data processing fees	770	698
Computer software, supplies and support	162	135
Advertising and promotion	145	190
FDIC insurance premiums	152	281
Legal and professional fees	409	319
Other	899	760
Total noninterest expense	7,426	7,245
Income before provision for income taxes	4,522	4,072
Provision for income taxes	1,518	1,396
Net income	$3,004	$2,676
Basic EPS	$0.72	$0.65

Basic average shares outstanding	4,146,965	4,125,619
Diluted EPS	$0.72	$0.64
Diluted average shares outstanding	4,190,187	4,157,903
Dividends per share	$0.35	$0.55

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Three Months Ended December 31, 2011 and 2010
(Unaudited)
(In thousands, except share and per share amounts)

	2011	2010
Interest income:		
Loans	$4,475	$4,509
Investment securities - taxable	225	306
Mortgage-backed securities	1,124	941
Investment securities - tax exempt	321	292
Interest bearing deposits and federal funds sold	13	18
Total interest income	6,158	6,066
Interest expense:		
Interest on deposits	827	1,015
Interest on borrowings	108	156
Total interest expense	935	1,171
Net interest income	5,223	4,895
Provision for loan losses	422	483
Net interest income after provision for loan losses	4,801	4,412
Noninterest income:		
Service charges on deposit accounts	639	606
Debit card fees	350	322
Investment services	62	70
E-commerce fees	25	25
Net gain on sale of available-for-sale securities	--	212
Other operating income	132	126
Total noninterest income	1,208	1,361
Noninterest expense:		
Salaries and employee benefits	1,937	2,054
Occupancy expense	295	308
Equipment and furniture expense	187	136
Service and data processing fees	399	355
Computer software, supplies and support	81	64
Advertising and promotion	109	89
FDIC insurance premiums	62	138
Legal and professional fees	227	160
Other	471	413
Total noninterest expense	3,768	3,717

Income before provision for income taxes	2,241	2,056
Provision for income taxes	746	704
Net income	$1,495	$1,352
Basic EPS	$0.36	$0.33
Basic average shares outstanding	4,148,102	4,129,939
Diluted EPS	$0.36	$0.32
Diluted average shares outstanding	4,190,211	4,163,333
Dividends per share	$0.175	$0.375

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Six Months Ended December 31, 2011 and 2010
(Unaudited)
(In thousands)

	2011	2010
Net income	$3,004	$2,676
Other comprehensive income (loss):		
Securities:		
Unrealized holding gains (losses) on available for sale securities, arising during the six months ended December 31, 2011 and 2010, net of income taxes of $55 and ($297), respectively.	87	(470)
Reclassification adjustment for gain on sale of available-for-sale securities realized in net income, net of income taxes of ($4) and ($82), respectively	(7)	(130)
Accretion of unrealized loss on securities transferred to held-to-maturity, net of income taxes of $12 and $15, respectively	19	23
Pension, actuarial gain, net of income tax of $5 and $2	8	4
Other comprehensive income (loss)	107	(573)
Comprehensive income	$3,111	$2,103

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Three Months Ended December 31, 2011 and 2010
(Unaudited)
(In thousands)

	2011	2010
Net income	$1,495	$1,352
Other comprehensive loss:		
Securities:		
Unrealized holding losses on available for sale securities, arising during the three months ended December 31, 2011 and 2010, net of income taxes of ($81) and ($485), respectively.	(128)	(769)

Reclassification adjustment for gain on sale of available-for-sale securities realized in net income, net of income taxes of $-- and ($82), respectively	---	(130)
Accretion of unrealized loss on securities transferred to held-to-maturity, net of income taxes of $6 and $7, respectively	9	11
Pension, actuarial gain, net of income tax of $3 and $1	4	2
Other comprehensive loss	(115)	(886)
Comprehensive income	$1,380	$466

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Six Months Ended December 31, 2011 and 2010
(Unaudited)
(In thousands)

	Common Stock	Additional Paid – In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Shareholders' Equity
Balance at June 30, 2010	$431	$10,666	$33,692	$ 1,123	$(1,409)	$ 44,503
Stock options exercised		71			125	196
Stock options compensation		112				112
Dividends declared			(1,002)			(1,002)
Net income			2,676			2,676
Total other comprehensive loss, net of taxes				(573)		(573)
Balance at December 31, 2010	$431	$10,849	$35,366	$ 550	$(1,284)	$ 45,912
Balance at June 30, 2011	$431	$11,001	$37,336	$519	$(1,206)	$48,081
Stock options exercised		22			33	55
Stock options compensation		19				19
Dividends declared			(645)			(645)
Net income			3,004			3,004
Total other comprehensive income, net of taxes				107		107
Balance at December 31, 2011	$431	$11,042	$39,695	$626	$(1,173)	$50,621

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Cash Flows
For the Six Months Ended December 31, 2011 and 2010
(Unaudited)

(In thousands)	2011	2010
Cash flows from operating activities:		
Net Income	$3,004	$2,676
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	416	360
Net amortization of premiums and discounts	520	506
Net amortization of deferred loan costs and fees	131	110
Provision for loan losses	896	836
Stock option compensation	19	112
Net gain on sale of available-for-sale securities	(11)	(212)
Loss on sale of foreclosed real estate	132	---
Net decrease in accrued income taxes	(758)	(239)
Net decrease in accrued interest receivable	2	98
Net decrease in prepaid and other assets	160	238
Net decrease in other liabilities	(293)	(30)
Net cash provided by operating activities	4,218	4,455
Cash flows from investing activities:		
Securities available-for-sale:		
Proceeds from maturities	6,440	6,666
Proceeds from sale of securities	770	6,875
Purchases of securities	(4,097)	(29,583)
Principal payments on securities	9,699	6,544
Securities held-to-maturity:		
Proceeds from maturities	8,887	9,630
Purchases of securities	(18,725)	(18,725)
Principal payments on securities	4,990	2,538
Net redemption of Federal Home Loan Bank Stock	643	409
Maturity of long term certificate of deposit	---	1,000
Net increase in loans receivable	(12,258)	(1,729)
Proceeds from sale of foreclosed real estate	393	---
Purchases of premises and equipment	(53)	(903)
Net cash used in investing activities	(3,311)	(17,278)
Cash flows from financing activities:		
Net decrease in short-term FHLB advances	(14,300)	(9,100)
Payment of cash dividends	(645)	(1,002)
Proceeds from stock options exercised	55	196
Net increase in deposits	24,072	44,122
Net cash provided by financing activities	9,182	34,216
Net increase in cash and cash equivalents	10,089	21,393
Cash and cash equivalents at beginning of period	9,966	9,643
Cash and cash equivalents at end of period	$20,055	$31,036

Non-cash investing activities:		
Foreclosed loans transferred to foreclosed real estate	$443	$200
Cash paid during the period:		
Interest	$1,934	$2,345
Income taxes	2,276	1,636
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, 2011 and 2010

(1) Basis of Presentation

The accompanying consolidated statement of financial condition as of June 30, 2011 was derived from the audited consolidated financial statements as of and for the year then ended of Greene County Bancorp, Inc. (the "Company") and its wholly owned subsidiary, The Bank of Greene County (the "Bank") and the Bank's wholly owned subsidiary, Greene County Commercial Bank. The consolidated financial statements at and for the three and six months ended December 31, 2011 and 2010 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-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. To the extent that information and notes 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-K for the year ended June 30, 2011, such information and notes 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, if any, had no effect on net income or shareholders' equity 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, 2011 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2012. These consolidated financial statements consider events that occurred through the date the consolidated financial statements were issued.

CRITICAL ACCOUNTING POLICIES

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

Securities are evaluated for other-than-temporary impairment by performing periodic reviews of individual securities in the investment portfolio. Greene County Bancorp, Inc. makes an assessment to determine whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. The Company considers many factors, including the severity and duration of the impairment; the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value; recent events specific to the issuer or industry; and for debt securities, intent to sell the security, the likelihood to be required to sell the security before it recovers the entire amortized cost, external credit ratings and recent downgrades. The Company is required to record other-than-temporary impairment charges through earnings, if it has the intent to sell, or will more likely than not be required to sell an impaired debt security before a recovery of its amortized cost basis. In addition, the Company is required to record other-than-temporary impairment charges through earnings for the amount of credit losses, regardless of the intent or requirement to sell. Credit loss is measured as the difference between the present value of an impaired debt security's cash flows and its amortized cost basis. Non-credit related impairment must be recorded as decreases to accumulated other comprehensive income as long as the Company has no intent or requirement to sell an impaired security before a recovery of amortized cost basis.

(2) Nature of Operations

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

(3) Use of Estimates

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

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

Greene County Bancorp, Inc. makes an assessment to determine whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. The Company considers many factors including the severity and duration of the impairment; the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value; recent events specific to the issuer or industry; and for debt securities, intent to sell the security, whether it is more likely than not we will be required to sell the security before recovery, whether loss of the entire amortized cost is expected, external credit ratings and recent downgrades. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value.

(4) Securities

Securities at December 31, 2011 consisted of the following:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
U.S. government sponsored enterprises	$19,861	$472	$---	$20,333
State and political subdivisions	6,376	181	---	6,557
Mortgage-backed securities-residential	28,153	641	---	28,794
Mortgage-backed securities-multi-family	14,497	661	---	15,158
Asset-backed securities	22	---	1	21
Corporate debt securities	6,109	208	64	6,253
Total debt securities	75,018	2,163	65	77,116
Equity and other securities	67	52	---	119
Total securities available-for-sale	75,085	2,215	65	77,235
Securities held-to-maturity:				
U.S. treasury securities	11,046	97	---	11,143
U.S. government sponsored enterprises	998	34	---	1,032
State and political subdivisions	43,986	562	89	44,459
Mortgage-backed securities-residential	53,065	2,088	22	55,131
Mortgage-backed securities-multi-family	19,227	185	2	19,410
Other securities	426	---	---	426
Total securities held-to-maturity	128,748	2,966	113	131,601
Total securities	$203,833	$5,181	$178	$208,836

Securities at June 30, 2011 consisted of the following:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
U.S. government sponsored enterprises	$25,909	$171	$377	$25,703
State and political subdivisions	6,819	243	---	7,062
Mortgage-backed securities-residential	28,214	773	73	28,914
Mortgage-backed securities-multi-family	20,184	912	---	21,096
Asset-backed securities	24	---	1	23
Corporate debt securities	6,881	325	---	7,206
Total debt securities	88,031	2,424	451	90,004
Equity and other securities	67	46	---	113
Total securities available-for-sale	88,098	2,470	451	90,117
Securities held-to-maturity:				
U.S. treasury securities	11,062	70	---	11,132
U.S. government sponsored enterprises	997	30	---	1,027
State and political subdivisions	34,933	200	9	35,124
Mortgage-backed securities-residential	57,347	1,737	35	59,049
Mortgage-backed securities-multi-family	19,434	47	14	19,467
Other securities	404	2	---	406
Total securities held-to-maturity	124,177	2,086	58	126,205
Total securities	$212,275	$4,556	$509	$216,322

The following table shows fair value and gross unrealized losses, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2011.

	Less Than 12 Months		More Than 12 Months		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available-for-sale:						
Asset-backed securities	---	---	21	1	21	1
Corporate debt securities	697	64	---	---	697	64
Total securities available-for-sale	697	64	21	1	718	65
Securities held-to-maturity:						
State and political subdivisions	2,419	89	---	---	2,419	89
Mortgage-backed securities-residential	6,220	22	---	---	6,220	22
Mortgage-backed securities-multifamily	2,992	2	---	---	2,992	2
Total securities held-to-maturity	11,631	113	---	---	11,631	113
Total securities	$ 12,328	$ 177	$ 21	$ 1	$ 12,349	$ 178

The following table shows fair value and gross unrealized losses, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2011.

	Less Than 12 Months		More Than 12 Months		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available-for-sale:						
U.S. government sponsored enterprises	$ 13,446	$ 377	$ ---	$ ---	$ 13,446	$ 377
Mortgage-backed security-residential	6,571	73	---	---	6,571	73
Asset-backed securities	---	---	22	1	22	1
Total securities available-for-sale	20,017	450	22	1	20,039	451
Securities held-to-maturity:						
State and political subdivisions	1,610	9	---	---	1,610	9
Mortgage-backed securities-residential	7,680	35	---	---	7,680	35
Mortgage-backed securities-multifamily	10,670	14	---	---	10,670	14
Total securities held-to-maturity	19,960	58	---	---	19,960	58
Total securities	$ 39,977	$ 508	$ 22	$ 1	$ 39,999	$ 509

At December 31, 2011, there was one security which has been in a continuous unrealized loss position for more than 12 months and 23 securities with a continuous unrealized loss position of less than 12 months. When the fair value of a held to maturity or available for sale security is less than its amortized cost basis, an assessment is made as to whether other-than-temporary impairment ("OTTI") is present. The Company considers numerous factors when determining whether a potential OTTI exists and the period over which the debt security is expected to recover. The principal factors considered are (1) the length of time and the extent to which the fair value has been less than the amortized cost basis, (2) the financial condition of the issuer (and guarantor, if any) and adverse conditions specifically related to the security, industry or geographic area, (3) failure of the issuer of the security to make scheduled interest or principal payments, (4) any changes to the rating of the security by a rating agency, and (5) the presence of credit enhancements, if any, including the guarantee of the federal government or any of its agencies.

For debt securities, OTTI is considered to have occurred if (1) the Company intends to sell the security, (2) it is more likely than not the Company will be required to sell the security before recovery of its amortized cost basis, or (3) if the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. In determining the present value of expected cash flows, the Company discounts the expected cash flows at the effective interest rate implicit in the security at the date of acquisition. In estimating cash flows expected to be collected, the Company uses available information with respect to security prepayment speeds, default rates and severity. In determining whether OTTI has occurred for equity securities, the Company considers the applicable factors described above and the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

For debt securities, credit-related OTTI is recognized in income while noncredit related OTTI on securities not expected to be sold is recognized in other comprehensive income (“OCI”). Credit-related OTTI is measured as the difference between the present value of an impaired security’s expected cash flows and its amortized cost basis. Noncredit-related OTTI is measured as the difference between the fair value of the security and its amortized cost less any credit-related losses recognized. For securities classified as held to maturity, the amount of OTTI recognized in OCI is accreted to the credit-adjusted expected cash flow amounts of the securities over future periods. For equity securities, the entire amount of OTTI is recognized in income. Management evaluated securities considering the factors as outlined above, and based on this evaluation the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2011. Management believes that the reasons for the decline in fair value are due to interest rates and widening credit spreads during the reporting period.

Gross realized gains and losses on sales of securities or other-than-temporary impairment of securities recognized in income during the six months ended December 31, 2011 and 2010 are as follows:

	Six months ended December 31,	
(in thousands)	2011	2010
Gross realized gains	$11	$212
Gross realized losses	---	---
Other-than-temporary impairment losses	---	---
Net gains (losses) recognized	$11	$212

During the six months ended December 31, 2011 the Company sold $759,000 of corporate debt securities within its available-for-sale portfolio at a gain of $11,000. During the six months ended December 31, 2010, the Company sold $6.6 million of securities issued by U.S. Government sponsored enterprises which resulted in the recognition of a net gain of $212,000. There were no realized losses or other-than-temporary impairment losses recognized during the three and six months ended December 31, 2011 and 2010.

The estimated fair values of debt securities at December 31, 2011, by contractual maturity are shown below. Expected maturities may differ from contractual maturities, because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. For mortgage-backed securities, the entire balance has been included in the time period of final contractual maturity, without consideration of scheduled principal repayments.

(In thousands)	In One Year Or Less	After One Year Through Five Years	After Five Years Through Ten Years	After Ten Years	Total
Securities available-for-sale:					
U.S. Government sponsored enterprises	$1,015	$11,416	$5,901	$2,001	$20,333
State and political subdivisions	1,561	4,996	---	---	6,557
Mortgage-backed securities-residential	1,040	1,753	6,158	19,843	28,794
Mortgage-backed securities-multi-family	992	14,166	---	---	15,158
Asset-backed securities	---	---	---	21	21
Corporate debt securities	2,083	2,120	2,050	---	6,253
Total debt securities	6,691	34,451	14,109	21,865	77,116
Equity securities	---	---	---	119	119
Total securities available-for-sale	6,691	34,451	14,109	21,984	77,235
Securities held-to-maturity:					
U.S. treasury securities	4,014	7,129	---	---	11,143
U.S. government sponsored enterprises	---	1,032	---	---	1,032
State and political subdivisions	9,253	15,986	11,834	7,386	44,459
Mortgage-backed securities-residential	2,556	3,888	20,504	28,183	55,131
Mortgage-backed securities-multi-family	347	2,302	16,761	---	19,410
Other securities	50	1	---	375	426
Total securities held-to-maturity	16,220	30,338	49,099	35,944	131,601
Total securities	$22,911	$64,789	$63,208	$57,928	$208,836

As of December 31, 2011, securities with an aggregate fair value of $154.6 million were pledged as collateral for deposits in excess of FDIC insurance limits for various municipalities placing deposits with Greene County Commercial Bank. Greene County Bancorp, Inc. did not participate in any securities lending programs during the quarters ended December 31, 2011 or 2010.

Federal Home Loan Bank Stock

Federal law requires a member institution of the Federal Home Loan Bank ("FHLB") system to hold stock of its district FHLB according to a predetermined formula. This stock is restricted in that it can only be sold to the FHLB or to another member institution, and all sales of FHLB stock must be at par. As a result of these restrictions, FHLB stock is carried at cost. FHLB stock is held as a long-term investment and its value is determined based on the ultimate recoverability of the par value. Impairment of this investment is evaluated quarterly and is a matter of judgment that reflects management's view of the FHLB's long-term performance, which includes factors such as the following: its operating performance; the severity and duration of declines in the fair value of its net assets related to its capital stock amount; its commitment to make payments required by law or regulation and the level of such payments in relation to its operating performance; the impact of legislative and regulatory changes on the FHLB, and accordingly, on the members of the FHLB; and its liquidity and funding position. After evaluating these considerations, Greene County Bancorp, Inc. concluded that the par value of its investment in FHLB stock will be recovered and, therefore, no other-than-temporary impairment charge was recorded during the three and six months ended December 31, 2011 or 2010.

(5) Credit Quality of Loans and Allowance for Loan Losses

Management closely monitors the quality of the loan portfolio and has established a loan review process designed to help grade the quality and profitability of the Company's loan portfolio. The credit quality grade helps management make a consistent assessment of each loan relationship's credit risk. Consistent with regulatory guidelines, The Bank of Greene County provides for the classification of loans considered being of lesser quality. Such ratings coincide with the "Substandard," "Doubtful" and "Loss" classifications used by federal regulators in their examination of financial institutions. Generally, an asset is considered Substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. Substandard assets include those characterized by the distinct possibility that the insured financial institution will sustain some loss if the deficiencies are not corrected. Assets classified as Doubtful have all the weaknesses inherent in assets classified Substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable. Assets classified as Loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a full loss reserve and/or charge-off is not warranted. Assets that do not currently expose the insured financial institutions to sufficient risk to warrant classification in one of the aforementioned categories but otherwise possess weaknesses are designated "Special Mention." Management also maintains a listing of loans designated "Watch." These loans represent borrowers with declining earnings, strained cash flow, increasing leverage and/or weakening market fundamentals that indicate above average risk.

When The Bank of Greene County classifies problem assets as either Substandard, Doubtful or Loss, it generally establishes a specific valuation allowance or "loss reserve" in an amount deemed prudent by management. General allowances represent loss allowances that have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When The Bank of Greene County identifies problem assets as being impaired, it is required to evaluate whether the Bank will be able to collect all amounts due either through repayments or the liquidation of the underlying collateral. If it is determined that impairment exists, the Bank is required either to establish a specific allowance for losses equal to the amount of impairment of the assets, or to charge-off such amount. The Bank of Greene County's determination as to the classification of its assets and the amount of its valuation allowance is subject to review by its regulatory agencies, which can order the establishment of additional general or specific loss allowances. The Bank of Greene County reviews its portfolio monthly to determine whether any assets require classification in accordance with applicable regulations.

The Bank primarily has three segments within its loan portfolio that it considers when measuring credit quality: real estate loans, consumer installment and commercial loans. The real estate portfolio consists of residential, nonresidential, and construction loan classes. The inherent risk within the loan portfolio varies depending upon each of these loan types.

The Bank of Greene County's primary lending activity is the origination of residential mortgage loans, including home equity loans, which are collateralized by residences. Generally, residential mortgage loans are made in amounts up to 80.0% of the appraised value of the property. However, The Bank of Greene County will originate residential mortgage loans with loan-to-value ratios of up to 95.0%, with private mortgage insurance. In the event of default by the borrower, The Bank of Greene County will acquire and liquidate the underlying collateral. By originating the loan at a loan-to-value ratio of 80% or less or obtaining private mortgage insurance, The Bank of Greene County limits its risk of loss in the event of default. However, the market values of the collateral may be adversely impacted by declines in the economy. Home equity loans may have an additional inherent risk if The Bank of Greene County does not hold the first mortgage since The Bank of Greene County may stand in a secondary position in the event of collateral liquidation resulting in a greater chance of insufficiency to meet all obligations.

Construction lending generally involves a greater degree of risk than other residential mortgage lending. The repayment of the construction loan is, to a great degree, dependent upon the successful and timely completion of the construction of the subject property within specified cost limits. The Bank of Greene County completes inspections during the construction phase prior to any disbursements. The Bank of Greene County limits its risk during the construction as disbursements are not made until the required work for each advance has been completed. Construction delays may further impair the borrower's ability to repay the loan.

Loans collateralized by nonresidential mortgage loans, and multi-family loans, such as apartment buildings generally are larger than residential loans and involve a greater degree of risk. Commercial mortgage loans often involve large loan balances to single borrowers or groups of related borrowers. Payments on these loans depend to a large degree on the results of operations and management of the properties or underlying businesses, and may be affected to a greater extent by adverse conditions in the real estate market or the economy in general. Accordingly, the nature of nonresidential mortgage loans makes them more difficult for management to monitor and evaluate.

Consumer installment loans generally have shorter terms and higher interest rates than residential mortgage loans. In addition, consumer loans expand the products and services offered by The Bank of Greene County to better meet the financial services needs of its customers. Consumer loans generally involve greater credit risk than residential mortgage loans because of the difference in the nature of the underlying collateral. Repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance because of the greater likelihood of damage, loss or depreciation in the underlying collateral. The remaining deficiency often does not warrant further substantial collection efforts against the borrower beyond obtaining a deficiency judgment. In addition, consumer loan collections depend on the borrower's personal financial stability. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Commercial lending generally involves greater risk than residential mortgage lending and involves risks that are different from those associated with residential and nonresidential mortgage lending. Real estate lending is generally considered to be collateral based, with loan amounts based on fixed-rate loan-to-collateral values, and liquidation of the underlying real estate collateral is viewed as the primary source of repayment in the event of borrower default. Although commercial loans may be collateralized by equipment or other business assets, the liquidation of collateral in the event of a borrower default is often an insufficient source of repayment because equipment and other business assets may be obsolete or of limited use, among other things. Accordingly, the repayment of a commercial loan depends primarily on the creditworthiness of the borrower (and any guarantors), while liquidation of collateral is a secondary and often insufficient source of repayment.

Loan balances by internal credit quality indicator as of December 31, 2011 are shown below.

(in thousands)	Performing	Watch	Special Mention	Substandard	Total
Residential mortgage	$179,188	$1,594	$---	$4,794	$185,576
Nonresidential mortgage	65,654	874	595	2,005	69,128
Residential construction & land	3,734	---	---	---	3,734
Commercial construction	2,589	---	285	---	2,874
Multi-family	4,833	---	431	568	5,832
Home equity	24,575	50	---	102	24,727
Consumer installment	4,078	67	---	15	4,160
Commercial loans	19,883	255	136	736	21,010
Total gross loans	$304,534	$2,840	$1,447	$8,220	$317,041

Loan balances by internal credit quality indicator as of June 30, 2011 are shown below.

(in thousands)	Performing	Watch	Special Mention	Substandard	Total
Residential mortgage	$176,615	$1,782	$95	$3,120	$181,612
Nonresidential mortgage	59,633	1,017	602	2,608	63,860
Residential construction & land	3,718	---	---	13	3,731
Commercial construction	1,789	---	---	225	2,014
Multi-family	5,036	---	434	578	6,048
Home equity	25,446	64	---	49	25,559
Consumer installment	3,960	7	---	41	4,008
Commercial loans	17,149	274	680	685	18,788
Total gross loans	$293,346	$3,144	$1,811	$7,319	$305,620

The Company had no loans classified Doubtful or Loss at December 31, 2011 or June 30, 2011.

Nonaccrual Loans

Management places loans on nonaccrual status once the loans have become 90 days or more delinquent. Nonaccrual is defined as a loan in which collectability is questionable and therefore interest on the loan will no longer be recognized on an accrual basis. A loan is not placed back on accrual status until the borrower has demonstrated the ability and willingness to make timely payments on the loan. A loan does not have to be 90 days delinquent in order to be classified as nonaccrual. Nonaccrual loans consisted primarily of loans secured by real estate at December 31, 2011 and June 30, 2011. While the Bank makes every reasonable effort to work with the borrowers to collect amounts due, the number of loans in process of foreclosure has grown substantially over the past several years. This growth has been the result of adverse changes within the economy and increases in local unemployment. The growth is also due in part to the extended length of time required to meet all of the legal requirements mandated by New York State law prior to a foreclosure sale, which may be in excess of two years. Loans on nonaccrual status totaled $7.2 million at December 31, 2011 of which $3.5 million were in the process of foreclosure and an additional $1.1 million were making payments pursuant to forbearance agreements. Under the forbearance agreements, the customers have made arrangements with the Bank to bring the loans current over a specified period of time (resulting in an insignificant delay in repayment). During this period, the Bank has agreed not to continue foreclosure proceedings. Of the remaining $2.6 million in nonaccrual loans, $1.3 million were less than 90 days past due, or were current at December 31, 2011, but have a recent history of delinquency greater than 90 days past due. These loans will be returned to accrual status once they have demonstrated a history of timely payments.

The following table sets forth information regarding delinquent and/or nonaccrual loans as of December 31, 2011:

(in thousands)	30-59 days past due	60-89 days past due	More than 90 days past due	Total past due	Current	Total Loans	Loans on Non-accrual
Residential mortgage	$1,379	$1,030	$4,236	$6,645	$178,931	$185,576	$4,747
Nonresidential mortgage	1,296	715	1,021	3,032	66,096	69,128	1,702
Residential construction & land	---	---	---	---	3,734	3,734	---
Commercial construction	---	---	---	---	2,874	2,874	---
Multi-family	---	---	439	439	5,393	5,832	439
Home equity	66	50	102	218	24,509	24,727	102
Consumer installment	50	67	15	132	4,028	4,160	15
Commercial loans	108	535	104	747	20,263	21,010	211
Total gross loans	$2,899	$2,397	$5,917	$11,213	$305,828	$317,041	$7,216

The following table sets forth information regarding delinquent and/or nonaccrual loans as of June 30, 2011:

(in thousands)	30-59 days past due	60-89 days past due	More than 90 days past due	Total past due	Current	Total Loans	Loans on Non-accrual
Residential mortgage	$1,766	$1,292	$2,294	$5,352	$176,260	$181,612	$3,074
Nonresidential mortgage	1,163	687	1,799	3,649	60,211	63,860	2,171
Residential construction & land	---	---	13	13	3,718	3,731	13
Commercial construction	225	---	---	225	1,789	2,014	225
Multi-family	128	---	449	577	5,471	6,048	577
Home equity	168	64	43	275	25,284	25,559	49
Consumer installment	31	25	13	69	3,939	4,008	41
Commercial loans	69	546	82	697	18,091	18,788	144
Total gross loans	$3,550	$2,614	$4,693	$10,857	$294,763	$305,620	$6,294

The Bank of Greene County had no accruing loans delinquent more than 90 days as of December 31, 2011 or June 30, 2011.

The table below details additional information related to nonaccrual loans for the six months ended December 31:

(In thousands)	2011	2010
Interest income that would have been recorded if loans had been performing in accordance with original terms	$427	$379
Interest income that was recorded on nonaccrual loans during the fiscal year ended	143	109

Impaired Loan Analysis

The Company identifies impaired loans and measures the impairment in accordance with FASB ASC subtopic “Receivables – Loan Impairment.” Management may consider a loan impaired once it is classified as nonaccrual and when it is probable that the borrower will be unable to repay the loan according to the original contractual terms of the loan agreement or the loan is restructured in a troubled debt restructuring. It should be noted that management does not evaluate all loans individually for impairment. The Bank of Greene County considers residential mortgages, home equity loans, smaller commercial loans and installment loans as small, homogeneous loans, which are evaluated for impairment collectively based on historical loss experience and other factors. In contrast, large commercial mortgage, construction, multi-family and business loans are viewed individually and considered impaired if it is probable that The Bank of Greene County will not be able to collect scheduled payments of principal and interest when due, according to the contractual terms of the loan agreement. The measurement of impaired loans is generally based on the fair value of the underlying collateral. The majority of The Bank of Greene County loans, including most nonaccrual loans, are small homogenous loan types adequately supported by collateral. As a result, the level of impaired loans may only be a portion of nonaccrual loans. Loans that are delinquent or slow paying may not be impaired, especially small homogenous loan types, due to collateral adequacy. Management considers the payment status of loans in the process of evaluating the adequacy of the allowance for loan losses among other factors. Loans that are either delinquent a minimum of 60 days or are on nonaccrual status, and are not individually considered impaired, are either designated as Special Mention or Substandard, and the allocation of the allowance for loan loss is based upon the risk associated with such designation.

The tables below detail additional information on impaired loans for the periods indicated:

	As of December 31, 2011			For the six months ended December 31, 2011	
(in thousands)	Recorded Investment	Unpaid Principal	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential mortgage	$213	$276	$---	$213	$ ---
Nonresidential mortgage	456	456	---	459	21
Total loans with no related allowance	669	732	---	672	21
With an allowance recorded:					
Residential mortgage	46	46	2	46	2
Nonresidential mortgage	651	651	145	971	13
Multi-family	431	431	160	433	12
Commercial loans	500	500	20	500	17
Total loans with related allowance	1,628	1,628	327	1,950	44
Total impaired loans:					
Residential mortgage	259	322	2	259	2
Nonresidential mortgage	1,107	1,107	145	1,430	34
Multi-family	431	431	160	433	12
Commercial loans	500	500	20	500	17
Total impaired loans	$2,297	$2,360	$327	$2,622	$ 65

	As of June 30, 2011			For the six months ended December 31, 2010	
(in thousands)	Recorded Investment	Unpaid Principal	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential mortgage	$213	$276	$---	$576	$ 4
Nonresidential mortgage	462	462	---	---	---
Total loans with no related allowance	675	738	---	576	4
With an allowance recorded:					
Residential mortgage	46	46	2	---	---
Nonresidential mortgage	1,255	1,255	292	281	---
Multi-family	434	434	160	---	---
Commercial loans	500	500	12	---	---
Total loans with related allowance	2,235	2,235	466	281	---
Total impaired loans:					
Residential mortgage	259	322	2	576	4
Nonresidential mortgage	1,717	1,717	292	281	---
Multi-family	434	434	160	---	---
Commercial loans	500	500	12	---	---
Total impaired loans	$2,910	$2,973	$466	$857	$ 4

As a result of adopting the guidance issued by FASB regarding "A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring", the Company reassessed all restructurings that occurred on or after June 30, 2011 for identification as troubled debt restructurings. The Company identified no loans for which the allowance for loan losses had previously been measured under a general allowance for credit losses methodology that are now considered troubled debt restructurings in accordance with this new guidance.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the losses 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 collectability may not be reasonably assured, considers among other matters, the estimated net realizable value or the fair value of the underlying collateral, economic conditions, payment status of the loan, historical loan loss experience and other factors that warrant recognition in providing for the loan loss allowance. In addition, various regulatory agencies, as an integral part of their examination process, periodically review The Bank of Greene County's allowance for loan losses. Such agencies may require The Bank of Greene County to recognize additions to the allowance based on their judgment about information available to them at the time of their examination. The Bank of Greene County charges loans off against the allowance for credit losses when it becomes evident that a loan cannot be collected within a reasonable amount of time or that it will cost the Bank more to collect the loan than it will receive, and all reasonable avenues of repayment have been analyzed, including the potential of future cash flow, the value of the underlying collateral, and strength of any guarantors or co-borrowers. Generally, consumer loans and smaller business loans (not secured by real estate) in excess of 90 days are charged-off against the allowance for loan losses, unless equitable arrangements are made. For loans secured by real estate, a charge-off is recorded when it is determined that the collection of all or a portion of a loan may not be collected and the amount of that loss can be reasonably estimated.

The following tables set forth the activity and allocation of the allowance for loan losses by loan category during and at the periods indicated. The allowance is allocated to each loan category based on historical loss experience and economic conditions.

(In thousands)	Balance September 30, 2011	Charge-offs	Recoveries	Provision	Balance December 31, 2011
Residential mortgage	$ 2,059	$ 34	$ 4	$ 118	$ 2,147
Nonresidential mortgage	1,920	179	---	206	1,947
Residential construction & land	28	---	---	3	31
Commercial construction	54	---	---	24	78
Multi-family	412	---	---	(4)	408
Home equity	221	---	---	(4)	217
Consumer installment	202	67	16	82	233
Commercial loans	557	---	2	(3)	556
Total	$ 5,453	$ 280	$ 22	$ 422	$ 5,617

(In thousands)	Balance June 30, 2011	Charge-offs	Recoveries	Provision	Balance December 31, 2011
Residential mortgage	$1,767	$58	$4	$434	$2,147
Nonresidential mortgage	1,859	212	---	300	1,947
Residential construction & land	27	---	---	4	31
Commercial construction	89	---	---	(11)	78
Multi-family	410	---	---	(2)	408
Home equity	186	---	---	31	217
Consumer installment	203	118	34	114	233
Commercial loans	528	---	2	26	556
Total	$5,069	$388	$40	$896	$5,617

	Allowance for Loan Loss		Loans Receivable	
	Ending Balance December 31, 2011 Impairment Analysis		Ending Balance December 31, 2011 Impairment Analysis	
(In thousands)	Individually Evaluated	Collectively Evaluated	Individually Evaluated	Collectively Evaluated
Residential mortgage	$2	$2,145	$46	$185,530
Nonresidential mortgage	145	1,802	651	68,477
Residential construction & land	---	31	---	3,734
Commercial construction	---	78	---	2,874
Multi-family	160	248	431	5,401
Home equity	---	217	---	24,727
Consumer installment	---	233	---	4,160
Commercial loans	20	536	500	20,510

Total	$327		$5,290	$1,628	$315,413

(In thousands)	Balance June 30, 2010	Charge-offs	Recoveries	Provision	Balance December 31, 2010
Residential mortgage	$1,427	$137	$---	$468	$1,758
Nonresidential mortgage	1,517	---	---	143	1,660
Residential construction & land	48	---	---	(15)	33
Commercial construction	49	---	---	---	49
Multi-family	223	---	---	12	235
Home equity	205	---	---	11	216
Consumer installment	120	123	43	117	157
Commercial loans	435	2	8	100	541
Total	$4,024	$262	$51	$836	$4,649

	Allowance for Loan Loss Ending Balance June 30, 2011 Impairment Analysis		Loans Receivable Ending Balance June 30, 2011 Impairment Analysis	
(In thousands)	Individually Evaluated	Collectively Evaluated	Individually Evaluated	Collectively Evaluated
Residential mortgage	$2	$1,765	$259	$181,353
Nonresidential mortgage	292	1,567	1,717	62,143
Residential construction & land	---	27	---	3,731
Commercial construction	---	89	---	2,014
Multi-family	160	250	434	5,614
Home equity	---	186	---	25,559
Consumer installment	---	203	---	4,008
Commercial loans	12	516	500	18,288
Total	$466	$4,603	$2,910	$302,710

(6) Fair Value Measurements and Fair Value of Financial Instruments

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sale transaction on the dates indicated. The estimated fair value amounts have been measured as of December 31, 2011 and June 30, 2011 and have not been re-evaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful.

The FASB ASC Topic on "Fair Value Measurement" established a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.
For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows:

		Fair Value Measurements Using		
(In thousands)	December 31, 2011	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government sponsored enterprises	$20,333	$---	$20,333	$---
State and political subdivisions	6,557	---	6,557	---
Mortgage-backed securities-residential	28,794	17,985	10,809	---
Mortgage-backed securities-multi-family	15,158	15,158	---	---
Asset-backed securities	21	21	---	---
Corporate debt securities	6,253	6,253	---	---
Equity securities	119	119	---	---
Securities available-for-sale	$77,235	$39,536	$37,699	$---

		Fair Value Measurements Using		
	June	Quoted Prices In Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs

(In thousands)	30, 2011	(Level 1)	(Level 2)	(Level 3)
Assets:				
U.S. Government sponsored enterprises	$25,703	$---	$25,703	$---
State and political subdivisions	7,062	---	7,062	---
Mortgage-backed securities-residential	28,914	20,842	8,072	---
Mortgage-backed securities-multi-family	21,096			