

GREENE COUNTY BANCORP INC
Form 8-K
August 01, 2008

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 28, 2008

GREENE COUNTY BANCORP, INC.
(Exact Name of Registrant as Specified in its Charter)

Federal (State or Other Jurisdiction of Incorporation)	0-25165	14-1809721 (Commission File No.)	(I.R.S. Employer Identification No.)
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302 Main Street, Catskill NY (Address of Principal Executive Offices)	12414 (Zip Code)
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Registrant's telephone number, including area code: (518) 943-2600

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On July 28, 2008, Greene County Bancorp, Inc. issued a press release disclosing financial results at and for the fiscal year and quarters ended June 30, 2008 and 2007. A copy of the press release is included as exhibit 99.1 to this report.

The information in the preceding paragraph, as well as Exhibit 99.1 referenced therein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits.

- (a) Not Applicable.
- (b) Not Applicable.
- (c) Not Applicable.
- (d) Exhibits.

Exhibit No.	Description
<u>99.1</u>	Press release dated July 28, 2008

SIGNATURES

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

GREENE COUNTY BANCORP, INC.

DATE: August 1, 2008
Donald E. Gibson
President and Chief Executive Officer

By: /s/ Donald E. Gibson

Exhibit 99.1
Greene County Bancorp, Inc.
Announces Earnings Increase

Catskill, N.Y. -- (BUSINESS WIRE) – July 28, 2008-- Greene County Bancorp, Inc. (the “Company”) (NASDAQ: GCBC), the holding company for The Bank of Greene County and its subsidiary Greene County Commercial Bank, today reported net income for the fiscal year and quarter ended June 30, 2008. Net income for the fiscal year ended June 30, 2008 amounted to \$2.7 million or \$0.66 per basic and \$0.65 per diluted share as compared to \$2.3 million or \$0.55 per basic and \$0.54 per diluted share for the fiscal year ended June 30, 2007. During the fiscal year ended June 30, 2008, net interest income and noninterest income both increased compared to the fiscal year ended June 30, 2007, but were partially offset by increases in provision for loan losses and noninterest expense. Net income for the quarter ended June 30, 2008 amounted to \$841,000 or \$0.21 per basic and \$0.20 per diluted share as compared to \$369,000 or \$0.09 per basic and diluted share for the quarter ended June 30, 2007, an increase of \$472,000, or 127.9%. The increase reflected higher net interest income and noninterest income which were partially offset by an increased loan loss provision and higher noninterest expenses during the quarter ended June 30, 2008.

Net interest income increased \$1.6 million to \$12.2 million for the fiscal year ended June 30, 2008 compared to the fiscal year ended June 30, 2007 and increased \$783,000 to \$3.4 million for the quarter ended June 30, 2008 compared to the quarter ended June 30, 2007. Net interest spread increased 11 basis points to 3.18% from 3.07% for the fiscal years ended June 30, 2008 and 2007, respectively. Net interest margin increased 6 basis points to 3.64% from 3.58% for the same periods. Net interest spread increased 48 basis points to 3.43% from 2.95% for the quarters ended June 30, 2008 and 2007, respectively. Net interest margin increased 29 basis points to 3.78% from 3.49% for the same periods. These increases for the quarter were primarily due to the recent decreases in short-term interest rates implemented by the Federal Open Market Committee, resulting in repricing of many of the Company’s interest-bearing liabilities, as well as a significant increase in total assets.

The provision for loan losses amounted to \$581,000 and \$279,000 for the fiscal years ended June 30, 2008 and 2007, respectively, an increase of \$302,000. The provision for loan losses amounted to \$132,000 and \$85,000 for the quarters ended June 30, 2008 and 2007, respectively, an increase of \$47,000. The increases in the level of provision were partially a result of growth in the loan portfolio and an increase in the amount of loan charge-offs, which was primarily associated with the overdraft protection program. Net charge-offs associated with the overdraft protection program increased \$72,000, or 73.5% when comparing the fiscal years ended June 30, 2008 and 2007. The Company has not been an originator of “no documentation” mortgage loans and the loan portfolio does not include any mortgage loans that the Company classifies as sub-prime.

Noninterest income amounted to \$4.6 million for the fiscal year ended June 30, 2008 as compared to \$3.9 million for the fiscal year ended June 30, 2007, an increase of \$636,000 or 16.1%. Noninterest income amounted to \$1.2 million compared to \$1.0 million for the quarters ended June 30, 2008 and 2007, respectively. During the fiscal year ended June 30, 2007, a pretax gain of approximately \$257,000 related to the sale of the former Coxsackie branch building was recognized in noninterest income. There were no significant sales of assets during the fiscal year and quarter ended June 30, 2008. Service charges on deposit accounts increased \$551,000 and \$111,000 for the fiscal year and quarter ended June 30, 2008, respectively, due to higher levels of insufficient funds charges as a result of changes implemented in the Overdraft Privilege Program and an increase in the number of checking accounts. Debit card fees increased \$191,000 and \$46,000, respectively, for the same periods primarily due to a higher volume of transactions.

Noninterest expense amounted to \$12.3 million for the fiscal year ended June 30, 2008 as compared to \$11.0 million for the fiscal year ended June 30, 2007, an increase of \$1.3 million or 11.8%. Noninterest expense amounted to \$3.3 million for the quarter ended June 30, 2008 as compared to \$3.0 million for the quarter ended June 30, 2007, an increase of \$219,000 or 7.2%. Salaries and employee benefits increased \$722,000 and \$285,000 respectively, when

comparing the fiscal years and quarters ended June 30, 2008 and 2007 due primarily to an increase in the number of employees resulting from the addition of three new branches (two branches which opened in the third quarter of fiscal 2007 and one branch which opened in January 2008) and expansion of commercial lending employees. In addition, we recognized higher expenses related to our defined benefit pension plan and our profit sharing plan. Occupancy expense and equipment and furniture expense, in the aggregate, increased approximately \$127,000 when comparing the fiscal years ended June 30, 2008 and 2007 due to higher utility costs, building maintenance and increased depreciation expense associated with the opening of the new operations center in Catskill and the opening of three new branches in Catskill, Greenport, and Chatham. All other noninterest expenses, in the aggregate, increased approximately \$415,000 when comparing the fiscal years ended June 30, 2008 and 2007 due to increased costs related to debit card transactions and the loyalty program, marketing costs related to deposit product promotions, and increased assessments resulting from the conversion of the Bank from a New York State-chartered financial institution to a Federally chartered institution. All other noninterest expenses, in the aggregate, decreased approximately \$58,000 when comparing the quarters ended June 30, 2008 and 2007.

The provision for income taxes reflected the expected tax associated with the revenue generated for the given period and certain regulatory requirements. The effective tax rate was 30.0% for the fiscal year ended June 30, 2008, compared to 28.7% for the fiscal year ended June 30, 2007. The increase in effective rates for the period ended June 30, 2008 was the result of increased pre-tax income and the resultant decreased percentage of tax exempt interest earned in total taxable income. The effective tax rate was 31.3% for the quarter ended June 30, 2008, compared to 31.8% for the quarter ended June 30, 2007.

Total assets of the Company increased to \$379.6 million at June 30, 2008 from \$325.8 million at June 30, 2007, an increase of \$53.8 million or 16.5%. Loans continued to grow from \$207.3 million at June 30, 2007 to \$238.4 million at June 30, 2008. Securities, including both available for sale and held to maturity, also increased during the fiscal year ended June 30, 2008, and represented \$113.1 million or 29.8% of total assets at June 30, 2008 as compared to \$87.2 million or 26.8% of total assets at June 30, 2007. Funding the growth in loans and securities was a \$37.3 million increase in deposits to \$321.4 million and a \$15.0 million increase in borrowed funds to \$20.0 million at June 30, 2008. The Company's investments in mortgage-backed securities are all U.S. government-sponsored enterprise obligations. The Company has no exposure to sub-prime loans in its securities portfolio.

Shareholders' equity increased to \$36.3 million at June 30, 2008 from \$35.4 million at June 30, 2007, as net income of \$2.7 million and other comprehensive income of \$391,000 were partially offset by dividends declared and paid of \$1.3 million. In addition, the Company recorded an adjustment, effective July 1, 2007, reducing retained earnings by \$218,000 as a result of implementing FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109." On August 22, 2007, the Board of Directors authorized a stock repurchase program pursuant to which the Company intends to repurchase up to 5% of its outstanding shares (excluding shares held by Greene County Bancorp, MHC, the Company's mutual holding company), or up to 92,346 shares. During the fiscal year ended June 30, 2008, the Company repurchased 62,478 shares at a cost of approximately \$799,000. As a result of this stock repurchase during the period, treasury shares were increased to 210,142. Other changes in equity, totaling a net increase of \$39,000, were the result of activities associated with the various stock-based compensation plans of the Company, including the 2000 Stock Option Plan and ESOP Plan.

Headquartered in Catskill, New York, the Company provides full-service community-based banking in its ten branch offices located in Greene, Columbia and Albany Counties.

Customers are offered 24-hour services through ATM network systems, an automated telephone banking system and Internet Banking through its web site at <http://www.tbogc.com>.

This press release contains statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to,

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general economic conditions, changes in interest rates, regulatory considerations, competition, technological developments, retention and recruitment of qualified personnel, and market acceptance of the Company's pricing, products and services.

	At or for the Fiscal		For the Three	
	Year Ended June 30,		Months Ended June 30,	
	2008	2007	2008	2007
Dollars In thousands, except share and per share data				
Interest income	\$ 19,534	\$ 16,985	\$ 5,135	\$ 4,454
Interest expense	7,344	6,442	1,687	1,789
Net interest income	12,190	10,543	3,448	2,665
Provision for loan losses	581	279	132	85
Noninterest income	4,577	3,941	1,174	1,007
Noninterest expense	12,301	11,037	3,265	3,046
Income before taxes	3,885	3,168	1,225	541
Tax provision	1,165	909	384	172
Net Income	\$ 2,720	\$ 2,259	\$ 841	\$ 369
Basic EPS	\$ 0.66	\$ 0.55	\$ 0.21	\$ 0.09
Weighted average shares outstanding	4,121,260	4,125,126	4,091,558	4,133,032
Diluted EPS	\$ 0.65	\$ 0.54	\$ 0.20	\$ 0.09
Weighted average diluted shares outstanding	4,157,910	4,193,435	4,118,282	4,197,369
Dividends declared per share 1	\$ 0.70	\$ 0.48	\$ 0.16	\$ ---
Selected Financial Ratios				
Return on average assets	0.76%	0.72%	0.87%	0.45%
Return on average equity	7.52%	6.49%	9.23%	4.17%
Net interest rate spread	3.18%	3.07%	3.43%	2.95%

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Net interest margin	3.64%	3.58%	3.78%	3.49%
Non-performing assets to total assets	0.51%	0.21%		
Non-performing loans to total loans	0.81%	0.33%		
Allowance for loan losses to non-performing loans	97.37%	217.89%		
Allowance for loan losses to total loans	0.79%	0.71%		
Shareholders' equity to total assets	9.55%	10.87%		
Dividend payout ratio ¹	106.06%	87.27%		
Actual dividends paid to net income	47.10%	39.18%		
Book value per share	\$ 8.87	\$ 8.58		

¹ Greene County Bancorp, MHC, the owner of 53.5% of the shares issued by the Company, waived its right to receive the dividends. No adjustment has been made to account for this waiver. It should be noted that effective December 1, 2007, the Company changed to a quarterly rather than semi-annual dividend.

	As of June 30, 2008	As of June 30, 2007
Dollar In thousands		
Assets		
Total cash and cash equivalents	\$ 8,662	\$ 14,026
Securities- available for sale, at fair value	97,692	87,184
Securities- held to maturity, at amortized cost	15,457	---
Federal Home Loan Bank stock, at cost	1,386	657
Gross loans receivable	240,146	208,705
Less: Allowance for loan losses	(1,888)	(1,486)
Unearned origination fees and costs, net	182	61
Net loans receivable	238,440	207,280
Premises and equipment	15,108	13,712
Accrued interest receivable	2,139	1,955
Prepaid expenses and other assets	724	1,012
Total Assets	\$ 379,608	\$ 325,826
Liabilities and shareholders' equity		
Noninterest bearing deposits	\$ 41,798	\$ 44,020
Interest bearing deposits	279,633	240,156
Total deposits	321,431	284,176
FHLB borrowing	20,000	5,000

Accrued expenses and other liabilities	1,910	1,235
Total liabilities	343,341	290,411
T o t a l shareholders' equity	36,267	35,415
Total liabilities and shareholders' equity	\$ 379,608	\$ 325,826
Common shares outstanding	4,095,528	4,151,066
Treasury shares	210,142	154,604

Contact: Donald Gibson, President and CEO or Michelle Plummer, Executive Vice President, CFO & COO
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