England James Herbert
Form 3
January 02, 2018

FORM 3

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

OMB APPROVAL	
OMB Number:	3235-0104
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â England James Herbert
(Last) (First) (Middle)

C/O ENBRIDGE INC.,Â 200, 425 1ST STREET SW
(Street)

CALGARY,Â A0Â T2P 3L8
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
01/01/2018

3. Issuer Name **and** Ticker or Trading Symbol
ENBRIDGE INC [ENB]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Shares	17,279	I	Held through Registered Retirement Savings Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)

	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)	
Deferred Stock Units	Â (1)	Â (1)	Common Shares	62,619	$ (1)	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
England James Herbert C/O ENBRIDGE INC. 200, 425 1ST STREET SW CALGARY,Â A0Â T2P 3L8	Â X	Â	Â	Â

Signatures

/s/ Vas Antoniou, attorney-in-fact	01/02/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) All non-employee directors receive a portion of their compensation in the form of Deferred Stock Units ("DSUs"), which represent notional shares with the same value as Enbridge Common Shares. Such DSUs are fully vested at grant and are settled in cash upon retirement of the director based on the price of Enbridge Common Shares. The DSUs have no expiration date. The number of DSUs listed reflects DSUs held as of January 1, 2018.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. left; BACKGROUND-COLOR: #ffffff; WIDTH: 1%; VERTICAL-ALIGN: bottom" valign="bottom" nowrap="nowrap">
Residential construction and land

3,005

-

-

-

3,005

Commercial construction

1,558

-

-

-

1,558

Multi-family

3,946

-

-

113

4,059

Home equity

20,239

-

-

339

20,578

Consumer installment

4,208

-

-

-

4,208

Commercial loans

29,686

-

385

923

30,994

Total gross loans

$
395,695

$
221

$
2,273

$
7,652

$
405,841

The Company had no loans classified Doubtful or Loss at December 31, 2014 or June 30, 2014.

Nonaccrual Loans

Management places loans on nonaccrual status once the loans have become 90 days or more delinquent. A nonaccrual loan 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, 2014 and June 30, 2014. 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 remained historically high over the past several years. These high levels have been the result of adverse changes within the economy and increases in local unemployment. These levels are 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 $5.8 million at December 31, 2014 of which $2.8 million were in the process of foreclosure. Included in nonaccrual loans were $3.3 million of loans which were less than 90 days past due at December 31, 2014, 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. Included in total loans past due were $489,000 of loans which 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 term of the forbearance agreement, the Bank has agreed not to continue foreclosure proceedings. Loans on nonaccrual status totaled $5.9 million at June 30, 2014 of which $3.0 million were in the process of foreclosure. Included in nonaccrual loans were $922,000 of loans which were less than 90 days past due at June 30, 2014, but have a recent history of delinquency greater than 90 days past due.

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The following table sets forth information regarding delinquent and/or nonaccrual loans as of December 31, 2014:

(In thousands)	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total Loans	Loans on Non-accrual
Residential mortgage	$1,088	$616	$1,646	$3,350	$223,412	$226,762	$2,080
Nonresidential mortgage	865	1,576	939	3,380	123,863	127,243	3,103
Residential construction and land	-	-	-	-	3,651	3,651	-
Commercial construction	-	-	-	-	5,686	5,686	-
Multi-family	-	-	-	-	4,456	4,456	-
Home equity	304	33	221	558	20,514	21,072	221
Consumer installment	70	-	-	70	4,035	4,105	-
Commercial loans	720	102	200	1,022	35,631	36,653	418
Total gross loans	$3,047	$2,327	$3,006	$8,380	$421,248	$429,628	$5,822

The following table sets forth information regarding delinquent and/or nonaccrual loans as of June 30, 2014:

(In thousands)	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total Loans	Loans on Non-accrual
Residential mortgage	$1,047	$290	$1,938	$3,275	$224,098	$227,373	$2,473
Nonresidential mortgage	-	504	2,688	3,192	110,874	114,066	2,775
Residential construction and land	-	-	-	-	3,005	3,005	-
Commercial construction	-	-	-	-	1,558	1,558	-
Multi-family	-	-	-	-	4,059	4,059	-
Home equity	260	-	339	599	19,979	20,578	339
Consumer installment	51	-	-	51	4,157	4,208	-
Commercial loans	509	123	278	910	30,084	30,994	312
Total gross loans	$1,867	$917	$5,243	$8,027	$397,814	$405,841	$5,899

The Bank of Greene County had accruing loans delinquent more than 90 days as of December 31, 2014 totaling $465,000 and had accruing loans delinquent more than 90 days as of June 30, 2014 totaling $266,000. The loans delinquent more than 90 days and accruing consist of loans that are well collateralized and the borrowers have demonstrated the ability and willingness to pay. The borrower has made arrangements with the Bank to bring the loan current within a specified time period and has made a series of payments as agreed.

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

	For the six months ended December 31,	For the three months ended December

(In thousands)	2014	2013	31 2014	2013
Interest income that would have been recorded if loans had been performing in accordance with original terms	$199	$208	$71	$ 83
Interest income that was recorded on nonaccrual loans	85	64	39	35

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Impaired Loan Analysis

The Company identifies impaired loans and measures the impairment in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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 loan experience and other factors. In contrast, large commercial mortgage, construction, multi-family and commercial 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. 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 evaluated for impairment, 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. Loans that have been modified as a troubled debt restructuring are included in impaired loans. The measurement of impairment is generally based on the discounted cash flows based on the original rate of the loan before the restructuring, unless it is determined that the restructured loan is collateral dependent. If the restructured loan is deemed to be collateral dependent, impairment is based on the fair value of the underlying collateral.

The tables below detail additional information on impaired loans at the date or periods indicated:

	As of December 31, 2014			For the six months ended December 31, 2014		For the three months ended December 31, 2014	
(In thousands)	Recorded Investment	Unpaid Principal	Related Allowance	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:							
Residential mortgage	$671	$ 671	$ -	$672	$ 13	$672	$ 10
Nonresidential mortgage	453	453	-	457	13	455	6
Home equity	-	-	-	80	-	64	-
	1,124	1,124	-	1,209	26	1,191	16
With an allowance recorded:							
Residential mortgage	2,124	2,124	363	2,669	47	2,450	16
Nonresidential mortgage	2,416	2,803	333	2,476	42	2,429	-
Home equity	200	200	90	200	-	200	-
Commercial loans	599	599	3	600	20	599	10
	5,339	5,726	789	5,945	109	5,678	26
Total impaired:							
Residential mortgage	2,795	2,795	363	3,341	60	3,122	26
Nonresidential mortgage	2,869	3,256	333	2,933	55	2,884	6
Home equity	200	200	90	280	-	264	-
Commercial loans	599	599	3	600	20	599	10
	$6,463	$ 6,850	$ 789	$7,154	$ 135	$6,869	$ 42

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(In thousands)	As of June 30, 2014 Recorded Investment	Unpaid Principal	Related Allowance	For the six months ended December 31, 2013 Average Recorded Investment	Interest Income Recognized	For the three months ended December 31, 2013 Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:							
Residential mortgage	$206	$ 206	$ -	$399	$ 1	$207	$ 1
Nonresidential mortgage	461	461	-	596	17	539	8
Home equity	96	96	-	-	-	-	-
	763	763	-	995	18	746	9
With an allowance recorded:							
Residential mortgage	2,700	2,790	441	3,100	30	3,065	15
Nonresidential mortgage	2,572	2,959	338	1,992	20	2,423	12
Commercial construction	-	-	-	701	17	350	-
Multi-family	-	-	-	386	-	308	-
Home equity	200	200	87	100	-	200	-
Commercial loans	603	603	3	607	20	607	10
	6,075	6,552	869	6,886	87	6,953	37
Total impaired:							
Residential mortgage	2,906	2,996	441	3,499	31	3,272	16
Nonresidential mortgage	3,033	3,420	338	2,588	37	2,962	20
Commercial construction	-	-	-	701	17	350	-
Multi-family	-	-	-	386	-	308	-
Home equity	296	296	87	100	-	200	-
Commercial loans	603	603	3	607	20	607	10
	$6,838	$ 7,315	$ 869	$7,881	$ 105	$7,699	$ 46

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The table below details loans that have been modified as a troubled debt restructuring during the six and three month periods ended December 31, 2014 and 2013.

(Dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Current Outstanding Recorded Investment
Six months ended December 31, 2014				
Residential mortgage	1	$ 164	$ 184	$ 184
Six months ended December 31, 2013				
Residential mortgage	2	$ 367	$ 367	$ 362
Nonresidential mortgage	3	1,647	1,688	1,683
Three months ended December 31, 2014				
Residential mortgage	1	$ 164	$ 184	$ 184
Three months ended December 31, 2013				
Nonresidential mortgage	2	$ 1,205	$ 1,246	$ 1,245

These loans have been classified as troubled debt restructurings due to concessions granted to the debtors that The Bank of Greene County would not otherwise consider as a result of financial difficulties of the borrowers. For these loans, concessions consisted of any combination of the following: additional funds were advanced, the interest rate was reduced and/or the term extended. If the borrower performs under the terms of the modification, and the ultimate collectability of all amounts contractually due under the modified terms is not in doubt, these loans will be returned to accrual status. These loans identified as a troubled debt restructuring have been evaluated for impairment and the impact to the allowance for loan loss was immaterial.

There were no loans that have been modified as a troubled debt restructuring during the previous twelve months which have subsequently defaulted during the six and three months ended December 31, 2014.

The table below details loans that have been modified as troubled debt restructurings during the previous twelve months which have subsequently defaulted during the six and three months ended December 31, 2013:

(Dollars in thousands)	Number of Contracts	Recorded Investment	Allowance for Loan Loss
Six months ended December 31, 2013			
Residential mortgage	2	$ 284	$ 57
Nonresidential mortgage	1	460	109
Three months ended December 31, 2013			
Residential mortgage	1	$ 211	$ 57

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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 certain identified 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 considers smaller balance residential mortgages, home equity loans, commercial loans and installment loans to customers as small, homogeneous loans, which are evaluated for impairment collectively based on historical loss experience. Larger balance residential, commercial mortgage 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 agreements. The measurement of impaired loans is generally based on the fair value of the underlying collateral. 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 than it will receive, and all possible 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.

	Activity for the three months ended December 31, 2014				
(In thousands)	Balance at September 30, 2014	Charge-offs	Recoveries	Provision	Balance at December 31, 2014
Residential mortgage	$2,647	$ 168	$ -	$ 110	$ 2,589
Nonresidential mortgage	3,164	-	-	303	3,467
Residential construction and land	41	-	-	10	51
Commercial construction	109	-	-	39	148
Multi-family	45	-	-	(1)	44
Home equity	376	-	-	(4)	372
Consumer installment	243	66	5	62	244
Commercial loans	831	6	6	50	881
Unallocated	264	-	-	(264)	-
Total	$7,720	$ 240	$ 11	$ 305	$ 7,796

	Activity for the six months ended December 31, 2014				
(In thousands)	Balance at	Charge-offs	Recoveries	Provision	Balance at

	June 30, 2014				December 31, 2014
Residential mortgage	$2,731	$ 242	$ -	$ 100	$ 2,589
Nonresidential mortgage	2,936	-	-	531	3,467
Residential construction and land	42	-	-	9	51
Commercial construction	38	-	-	110	148
Multi-family	59	-	-	(15)	44
Home equity	361	-	-	11	372
Consumer installment	240	121	24	101	244
Commercial loans	811	6	6	70	881
Unallocated	201	-	-	(201)	-
Total	$7,419	$ 369	$ 30	$ 716	$ 7,796

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Explanation of Responses:

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(In thousands)	Allowance for Loan Losses Ending Balance December 31, 2014 Impairment Analysis Individually Evaluated	Collectively Evaluated	Loans Receivable Ending Balance December 31, 2014 Impairment Analysis Individually Evaluated	Collectively Evaluated
Residential mortgage	$363	$ 2,226	$2,795	$ 223,967
Nonresidential mortgage	333	3,134	2,869	124,374
Residential construction and land	-	51	-	3,651
Commercial construction	-	148	-	5,686
Multi-family	-	44	-	4,456
Home equity	90	282	200	20,872
Consumer installment	-	244	-	4,105
Commercial loans	3	878	599	36,054
Unallocated	-	-	-	-
Total	$789	$ 7,007	$6,463	$ 423,165

Activity for the three months ended December 31, 2013

(In thousands)	Balance at September 30, 2013	Charge-offs	Recoveries	Provision	Balance at December 31, 2013
Residential mortgage	$2,558	$ 205	$ -	$ 419	$ 2,772
Nonresidential mortgage	2,622	87	-	205	2,740
Residential construction and land	46	-	-	1	47
Commercial construction	356	-	-	(270)	86
Multi-family	110	24	-	21	107
Home equity	293	8	-	75	360
Consumer installment	221	61	17	66	243
Commercial loans	822	1	4	(52)	773
Unallocated	-	-	-	43	43
Total	$7,028	$ 386	$ 21	$ 508	$ 7,171

Activity for the six months ended December 31, 2013

(In thousands)	Balance at June 30, 2013	Charge-offs	Recoveries	Provision	Balance at December 31, 2013
Residential mortgage	$2,627	$ 282	$ -	$ 427	$ 2,772
Nonresidential mortgage	2,476	87	-	351	2,740
Residential construction and land	37	-	-	10	47
Commercial construction	392	-	-	(306)	86
Multi-family	139	24	-	(8)	107
Home equity	275	8	-	93	360
Consumer installment	222	120	32	109	243

Commercial loans	809	205	4	165	773
Unallocated	63	-	-	(20)	43
Total	$7,040	$ 726	$ 36	$ 821	$ 7,171

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(In thousands)	Allowance for Loan Losses Ending Balance June 30, 2014 Impairment Analysis Individually Evaluated	Collectively Evaluated	Loans Receivable Ending Balance June 30, 2014 Impairment Analysis Individually Evaluated	Collectively Evaluated
Residential mortgage	$441	$ 2,290	$2,906	$ 224,467
Nonresidential mortgage	338	2,598	3,033	111,033
Residential construction and land	-	42	-	3,005
Commercial construction	-	38	-	1,558
Multi-family	-	59	-	4,059
Home equity	87	274	296	20,282
Consumer installment	-	240	-	4,208
Commercial loans	3	808	603	30,391
Unallocated	-	201	-	-
Total	$869	$ 6,550	$6,838	$ 399,003

(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, 2014 and June 30, 2014 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.

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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, 2014	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	$ 8,853	$ -	$ 8,853	$ -
State and political subdivisions	20,273	-	20,273	-
Mortgage-backed securities-residential	8,724	-	8,724	-
Mortgage-backed securities-multi-family	26,185	-	26,185	-
Asset-backed securities	12	12	-	-
Corporate debt securities	4,844	4,844	-	-
Equity securities	180	180	-	-
Securities available for sale	$ 69,071	$ 5,036	$ 64,035	$ -

		Fair Value Measurements Using		
(In thousands)	June 30, 2014	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	$ 10,898	$ -	$ 10,898	$ -
State and political subdivisions	1,347	-	1,347	-
Mortgage-backed securities-residential	9,545	-	9,545	-
Mortgage-backed securities-multi-family	29,018	-	29,018	-
Asset-backed securities	13	13	-	-
Corporate debt securities	5,170	5,170	-	-
Equity securities	160	160	-	-
Securities available for sale	$ 56,151	$ 5,343	$ 50,808	$ -

Certain investments that are actively traded and have quoted market prices have been classified as Level 1 valuations. Other available-for-sale investment securities have been valued by reference to prices for similar securities or through model-based techniques in which all significant inputs are observable and, therefore, such valuations have been classified as Level 2.

In addition to disclosures of the fair value of assets on a recurring basis, FASB ASC Topic on “Fair Value Measurement” requires disclosures for assets and liabilities measured at fair value on a nonrecurring basis, such as impaired assets, in the period in which a re-measurement at fair value is performed. Loans are generally not recorded at fair value on a recurring basis. Periodically, the Company records nonrecurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Nonrecurring adjustments also include certain impairment amounts for collateral-dependent loans calculated as required by the “Receivables –Loan Impairment” subtopic of the FASB ASC when establishing the allowance for credit losses. Impaired loans are those loans for which the Company has re-measured impairment generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount may not necessarily represent the actual fair value of the loan. Real estate collateral is typically valued using independent appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace and the related nonrecurring fair value measurement adjustments have generally been classified as Level 3. Estimates of fair value used for other collateral supporting commercial loans generally are based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3. The Company has also re-measured impairment based on the discounted cash flows for those loans that have been modified as a troubled-debt restructuring. The cash flows of the restructured debt have been discounted by the original interest rate prior to the restructuring of the loan to establish the fair value and is therefore classified as Level 3.

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(In thousands)	Fair Value	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
December 31, 2014				
Impaired loans	$3,154	$-	$ -	$3,154
Foreclosed real estate	404	-	-	404
June 30, 2014				
Impaired loans	$3,527	$-	$ -	$3,527
Foreclosed real estate	382			382

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which Level 3 inputs were utilized to determine fair value:

(Dollars in thousands)	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
December 31, 2014					
Impaired Loans	$ 3,154	Appraisal of collateral(1)	Appraisal adjustments(2)	0.00%-38.85 %	12.66 %
			Liquidation expenses(3)	0.00%-9.22 %	3.80 %
Foreclosed real estate	404	Appraisal of collateral(1)	Appraisal adjustments(2)	7.41%-19.00 %	6.08 %
			Liquidation expenses(3)	7.59%-15.63 %	11.15 %
June 30, 2014					
Impaired loans	$ 3,527	Appraisal of collateral(1)	Appraisal adjustments(2)	0.00%-38.85 %	15.26 %
			Liquidation expenses(3)	0.00%-9.22 %	3.82 %
Foreclosed real estate	382	Appraisal of collateral(1)	Appraisal adjustments(2)	9.30%-19.00 %	12.18 %
			Liquidation expenses(3)	6.00%-10.86 %	7.95 %

(1) Fair value is generally determined through independent third-party appraisals of the underlying collateral, which generally includes various Level 3 inputs which are not observable.

(2) Appraisals may be adjusted downwards by management for qualitative factors such as economic conditions. Higher downward adjustments are caused by negative changes to the collateral or conditions in the real estate market, actual offers or sales contracts received or age of the appraisal.

(3) Appraisals may be adjusted downwards by management for qualitative factors such as the estimated costs to liquidate the collateral.

At December 31, 2014, loans subject to nonrecurring fair value measurement had a recorded investment of $3.7 million with related allowances of $578,000. At June 30, 2014, loans subject to nonrecurring fair value measurement had a recorded investment of $4.2 million with related allowances of $721,000. No other financial assets or liabilities were re-measured during the year on a nonrecurring basis.

The carrying amounts reported in the statements of financial condition for cash and cash equivalents, accrued interest receivable and accrued interest payable approximate their fair values. Fair values of securities are based on quoted market prices (Level 1), where available, or matrix pricing (Level 2), which is a mathematical technique, used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. The carrying amount of Federal Home Loan Bank stock approximates fair value due to its restricted nature. Fair values for variable rate loans that reprice frequently, with no significant credit risk, are based on carrying value. Fair value for fixed rate loans are estimated using discounted cash flows and interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values disclosed for demand and savings deposits are equal to carrying amounts at the reporting date. The carrying amounts for variable rate money market deposits approximate fair values at the reporting date. Fair values for fixed rate certificates of deposit are estimated using discounted cash flows and interest rates currently being offered in the market on similar certificates. Fair value for Federal Home Loan Bank long term borrowings are estimated using discounted cash flows and interest rates currently being offered on similar borrowings. The carrying value of short-term Federal Home Loan Bank borrowings approximates its fair value.

The fair value of commitments to extend credit is estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the credit-worthiness of the potential borrowers. At December 31, 2014 and June 30, 2014, the estimated fair values of these off-balance sheet financial instruments were immaterial, and are therefore excluded from the table below.

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The carrying amounts and estimated fair value of financial instruments are as follows:

(In thousands)	December 31, 2014		Fair Value Measurements Using		
	Carrying Amount	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$14,869	$14,869	$14,869	$-	$-
Long term certificate of deposit	250	250	250	-	-
Securities available for sale	69,071	69,071	5,036	64,035	-
Securities held to maturity	181,065	181,981	-	181,981	-
Federal Home Loan Bank stock	3,230	3,230	-	3,230	-
Net loans	422,716	432,338	-	-	432,338
Accrued interest receivable	2,937	2,937	-	2,937	-
Deposits	583,181	583,338	-	583,338	-
Federal Home Loan Bank borrowings	59,000	58,861	-	58,861	-
Accrued interest payable	60	60	-	60	-

(In thousands)	June 30, 2014		Fair Value Measurements Using		
	Carrying Amount	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$13,809	$13,809	$13,809	$-	$-
Long term certificate of deposit	250	250	250	-	-
Securities available for sale	56,151	56,151	5,343	50,808	-
Securities held to maturity	181,946	181,932	-	181,932	-
Federal Home Loan Bank stock	1,561	1,561	-	1,561	-
Net loans	399,309	406,718	-	-	406,718
Accrued interest receivable	2,710	2,710	-	2,710	-
Deposits	589,574	589,681	-	589,681	-
Federal Home Loan Bank borrowings	17,650	17,465	-	17,465	-
Accrued interest payable	66	66	-	66	-

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(7) Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is 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 common shares (such as stock options) issued became vested during the period. There were no anti-dilutive securities or contracts outstanding during the six and three months ended December 31, 2014 and 2013.

	Net Income	Weighted Average Number Of Shares Outstanding	Earnings per Share
Six months ended December 31, 2014	$3,586,000		
Basic		4,215,738	$0.85
Effect of dilutive stock options		31,055	(0.01)
Diluted		4,246,793	$0.84
Six months ended December 31, 2013	$3,479,000		
Basic		4,199,349	$0.83
Effect of dilutive stock options		38,417	(0.01)
Diluted		4,237,766	$0.82
Three months ended December 31, 2014	$1,811,000		
Basic		4,217,118	$$ 0.43
Effect of dilutive stock options		31,057	-
Diluted		4,248,175	$$ 0.43
Three months ended December 31, 2013	$1,725,000		
Basic		4,203,985	$$0.41
Effect of dilutive stock options		36,231	-
Diluted		4,240,216	$$0.41

(8) Dividends

On October 21, 2014, the Board of Directors declared a cash dividend for the quarter ended September 30, 2014 of $0.18 per share on Greene County Bancorp, Inc.'s common stock. The dividend reflects an annual cash dividend rate of $0.72 per share. The dividend was payable to stockholders of record as of November 14, 2014, and was paid on November 28, 2014. The MHC waived its right to receive dividends declared on its shares of the Company's common stock for the quarter ended September 30, 2014. The MHC received the approval of its members (depositors of The Bank of Greene County) and the non-objection of the Federal Reserve Bank of Philadelphia, to waive the MHC's receipt of quarterly cash dividends aggregating up to $0.80 per share to be declared by the Company for the four quarters ending December 31, 2014. The waiver of dividends beyond this period are subject to the MHC obtaining approval of its members at a special meeting of members and receive the non-objection of the Federal Reserve Bank of Philadelphia for such dividend waivers for the 12 months subsequent to the approval. Therefore, its ability to waive its right to receive dividends beyond this date cannot be reasonably determined at this time.

(9) Impact of Recent Accounting Pronouncements

In May 2014, the FASB issued an amendment (ASU 2014-09) to its guidance on “Revenue from Contracts with Customers (Topic 606)”. The objective of the ASU is to align the recognition of revenue with the transfer of promised goods or services provided to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance under GAAP when it becomes effective. The amendments in this ASU are effective for public business entities for annual periods, beginning after December 15, 2016. The Company has not yet determined the effect of the standard on its ongoing financial reporting.

In August 2014, the FASB issued an amendment (ASU 2014-14) to its guidance on “Receivable – Troubled Debt Restructurings by Creditors (Subtopic 310-40)”. The objective of the ASU is to reduce the diversity in how creditors classify government-guaranteed mortgage loans, including FHA or VA guaranteed loans, upon foreclosure, to provide more decision-useful information about a creditor’s foreclosed mortgage loans that are expected to be recovered, at least in part, through government guarantees. The amendments in this Update are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. The adoption of this guidance is not expected to have a material impact on our consolidated results of operations or financial position.

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In November 2014, the FASB issued an amendment (ASU 2014-17) to its guidance on “Business Combinations (Topic 805)”. The objective of this Update is to provide guidance on whether and at what threshold an acquired entity that is a business or nonprofit activity can apply pushdown accounting in its separate financial statements. The amendments provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The amendments in this Update became effective on November 18, 2014, and did not have a material impact on our consolidated results of operations or financial position.

In January 2015, the FASB issued an Update (ASU 2015-01) to its guidance on “Income Statement-Extraordinary and Unusual Items (Subtopic 225-20). The objective of the ASU is to simplify the income statement presentation by eliminating the concept of extraordinary items, and will align GAAP more closely with International Accounting Standards which prohibits the presentation and disclosure of extraordinary items. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material impact on our consolidated results of operations or financial position.

(10) Employee Benefit Plans

Defined Benefit Plan

The components of net periodic pension cost related to the defined benefit pension plan for the six and three months ended December 31, 2014 and 2013 were as follows:

(In thousands)	Six months ended December 31, 2014	2013	Three months ended December 31, 2014	2013
Interest cost	$110	$112	$55	$56
Expected return on plan assets	(162)	(158)	(81)	(79)
Amortization of net loss	52	46	26	23
Net periodic pension cost	$-	$-	$-	$-

The Company does not anticipate that it will make any additional contributions to the defined benefit pension plan during fiscal 2015.

SERP

The Board of Directors of The Bank of Greene County adopted The Bank of Greene County Supplemental Executive Retirement Plan (the “SERP Plan”), effective as of July 1, 2010. The SERP Plan benefits certain key senior executives of the Bank who have been selected by the Board to participate.

The SERP Plan is intended to provide a benefit from the Bank upon retirement, death or disability or voluntary or involuntary termination of service (other than “for cause”). Accordingly, the SERP Plan obligates the Bank to make an allocation to each executive’s account on the first business day of each July and permits each executive to defer up to 50% of his or her base salary and 100% of his or her annual bonus to the SERP Plan, subject to the requirements of Section 409A of the Internal Revenue Code (“Code”). In addition, the Bank may, but is not required to, make additional discretionary contributions to the executives’ accounts from time to time. An executive becomes vested in the Bank’s contributions after 10 calendar years of service following the effective date of the SERP Plan, and is fully vested immediately for all deferral of salary and bonus. However, the Executive will vest in the present value of his or her account in the event of death, disability or a change in control of the Bank or the Company. In the event the executive is terminated involuntarily or resigns for good reason following a change in control, the present value of all remaining Bank contributions is accelerated and paid to the executive's account, subject to potential reduction to avoid an excess parachute payment under Code Section 280G. In the event of the executive's death, disability or termination within two years after a change in control, executive's account will be paid in a lump sum to the executive or his beneficiary, as applicable. In the event the executive is entitled to a benefit from the SERP Plan due to retirement or other termination of employment, the benefit will be paid in 10 annual installments.

The net periodic pension costs related to the SERP Plan for the six and three months ended December 31, 2014 were $99,000 and $51,000, respectively, and for the six and three months ended December 31, 2013 were $58,000 and $32,000, respectively, consisting primarily of service costs and interest costs. The total liability for the SERP Plan was $1.2 million and $899,000 as of December 31, 2014 and June 30, 2014, respectively.

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(11) Stock-Based Compensation

At December 31, 2014, Greene County Bancorp, Inc. had two stock-based compensation plans, which are described more fully in Note 10 of the consolidated financial statements and notes thereto for the year ended June 30, 2014.

Stock Option Plan

At December 31, 2014 and 2013, all granted shares related to the 2008 Option Plan were fully vested, with no remaining compensation cost to be recognized.

A summary of the Company's stock option activity and related information for its option plan for the six months ended December 31, 2014 and 2013 is as follows:

	2014		2013	
	Shares	Weighted Average Exercise Price Per Share	Shares	Weighted Average Exercise Price Per Share
Outstanding at beginning of year	59,435	$ 12.50	87,400	$ 12.50
Exercised	(5,100)	$ 12.50	(22,779)	$ 12.50
Outstanding at period end	54,335	$ 12.50	64,621	$ 12.50
Exercisable at period end	54,335	$ 12.50	64,621	$ 12.50

The following table presents stock options outstanding and exercisable at December 31, 2014:

Options Outstanding and Exercisable

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$12.50	54,335	3.75	$12.50

The total intrinsic value of the options exercised during the six and three months ended December 31, 2014 was approximately $77,000 and $33,000, respectively. The total intrinsic value of the options exercised during the six and three months ended December 31, 2013 was approximately $307,000 and $157,000, respectively. There were no stock options granted during the six months ended December 31, 2014 or 2013. All outstanding options were fully vested at December 31, 2014 or 2013.

Phantom Stock Option Plan and Long-term Incentive Plan

The Greene County Bancorp, Inc. 2011 Phantom Stock Option and Long-term Incentive Plan (the "Plan"), was adopted effective July 1, 2011, to promote the long-term financial success of the Company and its subsidiaries by providing a means to attract, retain and reward individuals who contribute to such success and to further align their interests with those of the Company's shareholders. Effective July 1, 2014, the Plan was amended to increase the number of phantom stock options available for awards from 900,000 to 1,800,000. The Plan is intended to provide benefits to employees and directors of the Company or any subsidiary as designated by the Compensation Committee of the Board of Directors of the Company ("Committee"). A phantom stock option represents the right to receive a cash payment on the date the award vests. The participant receives an amount equal to the positive difference between the strike price on the grant date and the book value of a share of the Company stock on the determination date, which is the last day of the plan year that is the end of the third plan year after the grant date of the award, unless otherwise specified by the Committee. The strike price will be the price established by the Committee, which will not be less than 100% of the book value of a share on a specified date, as determined under generally accepted accounting principles (GAAP) as of the last day of the quarter ending on or immediately preceding the valuation date with adjustments made, in the sole discretion of the Committee, to exclude accumulated other comprehensive income (loss).

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A summary of the Company's phantom stock option activity and related information for its option plan for the six months ended December 31, 2014 and 2013 is as follows:

	2014	2013
Number of options outstanding at beginning of year	665,426	462,464
Options granted	241,090	227,330
Options paid in cash upon vesting	(227,484)	(17,528)
Number of options outstanding at period end	679,032	672,266

The Company paid out $757,700 and $26,900 in cash during the six months ended December 31, 2014 and 2013, respectively on options vested. There were no option payments made during the three months ended December 31, 2014 and 2013 on options vested. The Company recognized $380,000 and $339,800 in compensation costs related to the Plan during the six months ended December 31, 2014 and 2013, respectively. The Company recognized $210,000 and $180,000 in compensation costs related to the Plan during the three months ended December 31, 2014 and 2013, respectively. The total liability for the long-term incentive plan was $777,900 and $1.2 million as of December 31, 2014 and June 30, 2014, respectively.

(12) Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss as of December 31, 2014 and June 30, 2014 are presented in the following table:

(In thousands)

Other comprehensive (loss) income:	December 31, 2014	June 30, 2014
Unrealized (loss) gain on available for sale securities, net of tax	$ 558	$416
Unrealized loss on securities transferred to held to maturity, net of tax	(72)	(231)
Net losses and past service liability for defined benefit plan, net of tax	(1,235)	(1,235)
Accumulated other comprehensive loss	$ (749)	$(1,050)

(13) Subsequent events

On January 20, 2015, the Board of Directors declared a cash dividend for the quarter ended December 31, 2014 of $0.18 per share on Greene County Bancorp, Inc.'s common stock. The dividend reflects an annual cash dividend rate of $0.72 per share, which was the same as the dividend declared during the previous quarter. The dividend will be payable to stockholders of record as of February 13, 2015, and will be paid on February 27, 2015. For purposes of liquidity and cash flow, the MHC does not intend to waive its receipt of this dividend. Therefore, the dividend will be paid on all outstanding shares as of the record date.

Although the MHC will not waive the receipt of dividends to be paid on February 27, 2015, the MHC intends to waive dividends in future periods. However, the waiver of dividends by the MHC are subject to the MHC obtaining approval of its members at a special meeting of members and receipt of the non-objection of the Federal Reserve Bank of Philadelphia for such dividend waivers for the four quarters subsequent to the approval. A special meeting of members of the MHC is scheduled for February 17, 2015 to vote on a proposal for the MHC to continue to waive its right to receive annual dividends declared by Greene County Bancorp, Inc. in the four quarters subsequent to the approval of this proposal. Management believes that this proposal will be approved at this special meeting. Once member approval has been obtained, the MHC will submit its request to the Federal Reserve Board to seek its non-objection to the dividend waiver.

Explanation of Responses:

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

Overview of the Company's Activities and Risks

Greene County Bancorp, Inc.'s results of operations depend primarily on its net interest income, which is the difference between the income earned on Greene County Bancorp, Inc.'s loan and securities portfolios and its cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by Greene County Bancorp, Inc.'s provision for loan losses, gains and losses from sales of securities, noninterest income and noninterest expense. Noninterest income consists primarily of fees and service charges. Greene County Bancorp, Inc.'s noninterest expense consists principally of compensation and employee benefits, occupancy, equipment and data processing, and other operating expenses. Results of operations are also significantly affected by general economic and competitive conditions, changes in interest rates, as well as government policies and actions of regulatory authorities. Additionally, future changes in applicable law, regulations or government policies may materially affect Greene County Bancorp, Inc.

To operate successfully, the Company must manage various types of risk, including but not limited to, market or interest rate risk, credit risk, transaction risk, liquidity risk, security risk, strategic risk, reputation risk and compliance risk. While all of these risks are important, the risks of greatest significance to the Company relate to market or interest rate risk and credit risk.

Market risk is the risk of loss from adverse changes in market prices and/or interest rates. Since net interest income (the difference between interest earned on loans and investments and interest paid on deposits and borrowings) is the Company's primary source of revenue, interest rate risk is the most significant non-credit related market risk to which the Company is exposed. Net interest income is affected by changes in interest rates as well as fluctuations in the level and duration of the Company's assets and liabilities.

Interest rate risk is the exposure of the Company's net interest income to adverse movements in interest rates. In addition to directly impacting net interest income, changes in interest rates can also affect the amount of new loan originations, the ability of borrowers and debt issuers to repay loans and debt securities, the volume of loan repayments and refinancings, and the flow and mix of deposits.

Credit risk is the risk to the Company's earnings and shareholders' equity that results from customers, to whom loans have been made and to the issuers of debt securities in which the Company has invested, failing to repay their obligations. The magnitude of risk depends on the capacity and willingness of borrowers and debt issuers to repay and the sufficiency of the value of collateral obtained to secure the loans made or investments purchased.

Special Note Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements. Greene County Bancorp, Inc. desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is including this statement for the express purpose of availing itself of the protections of the safe harbor with respect to all such forward-looking statements. These forward-looking statements, which are included in this Management's Discussion and Analysis and elsewhere in this quarterly report, describe future plans or strategies and include Greene County Bancorp, Inc.'s expectations of future financial results. The words "believe," "expect," "anticipate," "project," and similar expressions identify forward-looking statements. Greene County Bancorp, Inc.'s ability to predict results or the effect of future plans or strategies or qualitative or quantitative changes based on market risk exposure is inherently uncertain. Factors that could affect actual results include but are not limited to:

(a) changes in general market interest rates,
(b) general economic conditions, including unemployment rates and real estate values,
(c) legislative and regulatory changes,

(d) monetary and fiscal policies of the U.S. Treasury and the Federal Reserve,
(e) changes in the quality or composition of The Bank of Greene County's loan portfolio or the consolidated investment portfolios of The Bank of Greene County and Greene County Bancorp, Inc.,
(f) deposit flows,
(g) competition, and
(h) demand for financial services in Greene County Bancorp, Inc.'s market area.

These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements, since results in future periods may differ materially from those currently expected because of various risks and uncertainties.

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Comparison of Financial Condition as of December 31, 2014 and June 30, 2014

ASSETS

Total assets of the Company were $712.4 million at December 31, 2014 as compared to $674.2 million at June 30, 2014, an increase of $38.2 million, or 5.7%. Securities available for sale and held to maturity amounted to $250.1 million, or 35.1% of assets, at December 31, 2014 as compared to $238.1 million, or 35.3% of assets, at June 30, 2014, an increase of $12.0 million, or 5.0%. Net loans grew by $23.4 million, or 5.9%, to $422.7 million at December 31, 2014 as compared to $399.3 million at June 30, 2014.

CASH AND CASH EQUIVALENTS

Total cash and cash equivalents increased $1.1 million to $14.9 million at December 31, 2014 from $13.8 million at June 30, 2014. The level of cash and cash equivalents is a function of the daily account clearing needs and deposit levels as well as activities associated with securities transactions and loan funding. All of these items can cause cash levels to fluctuate significantly on a daily basis.

SECURITIES

Securities, including available-for-sale and held-to-maturity issues, increased $12.0 million, or 5.0%, to $250.1 million at December 31, 2014 as compared to $238.1 million at June 30, 2014. Securities purchases totaled $31.2 million during the six months ended December 31, 2014 and consisted of state and political subdivision securities. Principal pay-downs and maturities during the six months amounted to $19.0 million, of which $7.0 million were mortgage-backed securities, $9.8 million were state and political subdivision securities, $250,000 were corporate debt securities and $2.0 million were U.S. government sponsored enterprises securities. At December 31, 2014, 45.7% of our securities were state and political subdivision securities to take advantage of tax savings and to promote Greene County Bancorp, Inc.'s participation in the communities in which it operates. Mortgage-backed securities and asset-backed securities held within the portfolio do not contain sub-prime loans and are not exposed to the credit risk associated with such lending.

	December 31, 2014			June 30, 2014		
(Dollars in thousands)	Balance	Percentage of portfolio		Balance	Percentage of portfolio	
Securities available for sale:						
U.S. government sponsored enterprises	$8,853	3.5	%	$10,898	4.5	%
State and political subdivisions	20,273	8.1		1,347	0.6	
Mortgage-backed securities-residential	8,724	3.5		9,545	4.0	
Mortgage-backed securities-multifamily	26,185	10.5		29,018	12.2	
Asset-backed securities	12	0.0		13	0.0	
Corporate debt securities	4,844	1.9		5,170	2.2	
Total debt securities	68,891	27.5		55,991	23.5	
Equity securities	180	0.1		160	0.1	
Total securities available for sale	69,071	27.6		56,151	23.6	
Securities held to maturity:						
U.S. government sponsored enterprises	2,000	0.8		2,000	0.8	
State and political subdivisions	93,968	37.6		91,634	38.5	
Mortgage-backed securities-residential	20,185	8.1		22,785	9.6	
Mortgage-backed securities-multifamily	64,058	25.6		64,605	27.1	
Other securities	854	0.3		922	0.4	

Total securities held to maturity	181,065	72.4		181,946	76.4	
Total securities	$250,136	100.0	%	$238,097	100.0	%

LOANS

Net loans receivable increased $23.4 million, or 5.9%, to $422.7 million at December 31, 2014 from $399.3 million at June 30, 2014. The loan growth experienced during the period consisted primarily of $13.2 million in nonresidential real estate loans, $4.8 million in construction loans, $397,000 in multi-family mortgage loans, $494,000 in home equity loans, and $5.6 million in non-mortgage loans, and was partially offset by a $611,000 decrease in residential mortgage loans, and a $377,000 increase in the allowance for loan losses. The continued low interest rate environment and strong customer satisfaction from personal service continued to enhance loan growth. If long term rates begin to rise, the Company anticipates some slowdown in new loan demand as well as refinancing activities. The Bank of Greene County continues to use a conservative underwriting policy in regard to all loan originations, and does not engage in sub-prime lending or other exotic loan products. A significant decline in home values, however, in the Company’s markets could have a negative effect on the consolidated results of operations, as any such decline in home values would likely lead to a decrease in residential real estate loans and new home equity loan originations and increased delinquencies and defaults in both the consumer home equity loan and the residential real estate loan portfolios and result in increased losses in these portfolios. Updated appraisals are obtained on loans when there is a reason to believe that there has been a change in the borrower’s ability to repay the loan principal and interest, generally, when a loan is in a delinquent status. Additionally, if an existing loan is to be modified or refinanced, generally, an appraisal is ordered to ensure continued collateral adequacy.

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(Dollars in thousands)	December 31, 2014		June 30, 2014	
Real estate mortgages:	Balance	Percentage of Portfolio	Balance	Percentage of Portfolio
Residential mortgage	$226,762	52.8 %	$227,373	56.0 %
Nonresidential mortgage	127,243	29.6	114,066	28.1
Construction and land	9,337	2.2	4,563	1.1
Multi-family	4,456	1.0	4,059	1.0
Total real estate mortgages	367,798	85.6	350,061	86.2
Home equity	21,072	4.9	20,578	5.1
Consumer installment	4,105	1.0	4,208	1.0
Commercial loans	36,653	8.5	30,994	7.7
Total gross loans	429,628	100.0 %	405,841	100.0 %
Deferred fees and costs	884		887	
Allowance for loan losses	(7,796)		(7,419)	
Total net loans	$422,716		$399,309	

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 certain identified 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 an allowance for loan loss. 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 considers smaller balance residential mortgages, home equity loans, commercial loans and installment loans to customers as small, homogeneous loans, which are evaluated for impairment collectively based on historical loss experience. Larger balance residential and commercial mortgage 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 agreements. The measurement of impaired loans is generally based on the fair value of the underlying collateral. 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 than it will receive, and all possible 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 allowance for loan losses is increased by a provision for loan losses (which results in a charge to expense) and recoveries of loans previously charged off and is reduced by charge-offs.

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Analysis of allowance for loan losses activity

(Dollars in thousands)	At or for the six months ended December 31, 2014	2013
Balance at the beginning of the period	$7,419	$7,040
Charge-offs:		
Residential real estate mortgages	242	282
Nonresidential mortgage	-	87
Multi-family	-	24
Home equity	-	8
Consumer installment	121	120
Commercial loans	6	205
Total loans charged off	369	726
Recoveries:		
Consumer installment	24	32
Commercial loans	6	4
Total recoveries	30	36
Net charge-offs	339	690
Provisions charged to operations	716	821
Balance at the end of the period	7,796	7,171
Net charge-offs to average loans outstanding	0.17 %	0.37 %
Net charge-offs to nonperforming assets	9.87 %	20.14 %
Allowance for loan losses to nonperforming loans	123.98 %	114.70 %
Allowance for loan losses to total loans receivable	1.81 %	1.82 %

Nonaccrual Loans and Nonperforming Assets

Loans are reviewed on a regular basis to assess collectability of all principal and interest payments due. Management determines that a loan is impaired or non-performing when it is probable at least a portion of the principal or interest will not be collected in accordance with contractual terms of the note. When a loan is determined to be impaired, the measurement of the loan is based on 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.

Generally, management places loans on nonaccrual status once the loans have become 90 days or more delinquent or sooner if there is a significant reason for management to believe the collectability is questionable and, therefore, interest on the loan will no longer be recognized on an accrual basis. 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. Generally, The Bank of Greene County considers smaller balance residential mortgages, home equity loans, commercial and installment loans as small, homogeneous loans, which are evaluated for impairment collectively based on historical loan experience and other factors. In contrast, large commercial mortgage, construction, multi-family, business loans and select larger balance residential mortgage 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. 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. A loan does not have to be 90 days delinquent in order to be classified as nonperforming. Foreclosed real estate is considered to be a nonperforming asset.

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Analysis of Nonaccrual Loans and Nonperforming Assets

(Dollars in thousands)	At December 31, 2014		At June 30, 2014	
Nonaccruing loans:				
Residential	$ 2,080		$2,473	
Nonresidential	3,103		2,775	
Home equity loans	221		339	
Commercial loans	418		312	
Total nonaccruing loans	5,822		5,899	
90 days & accruing				
Residential	465		266	
Total 90 days & accruing	465		266	
Total nonperforming loans	6,287		6,165	
Foreclosed real estate:				
Residential	581		473	
Total foreclosed real estate	581		473	
Total nonperforming assets	$ 6,868		$6,638	
Troubled debt restructuring:				
Nonperforming (included above)	$ 2,995		$3,093	
Performing (accruing and excluded above)	1,493		1,504	
Total nonperforming assets as a percentage of total assets	0.96	%	0.98	%
Total nonperforming loans to net loans	1.49	%	1.54	%

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

	For the six months ended December 31,		For the three months ended December 31	
(In thousands)	2014	2013	2014	2013
Interest income that would have been recorded if loans had been performing in accordance with original terms	$199	$208	$71	$ 83
Interest income that was recorded on nonaccrual loans	85	64	39	35

The Company identifies impaired loans and measures the impairment in accordance with FASB ASC subtopic "Receivables – Loan Impairment". A loan is considered impaired 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.

The table below details additional information on impaired loans as of the dates indicated:

(In thousands)	December

	December 31, 2014	June 30, 2014
Balance of impaired loans, with a valuation allowance	$ 5,339	$6,075
Allowances relating to impaired loans included in allowance for loan losses	789	869
Balance of impaired loans, without a valuation allowance	1,124	763

	For the six months ended December 31,		For the three months ended December 31	
(In thousands)	2014	2013	2014	2013
Average balance of impaired loans for the periods ended	$7,154	$7,881	$6,869	$7,699
Interest income recorded on impaired loans during the periods ended	135	105	42	46

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Nonperforming assets amounted to $6.9 million at December 31, 2014 and $6.6 million as of June 30, 2014, an increase of $230,000 or 3.5%, and total impaired loans amounted to $6.5 million at December 31, 2014 compared to $6.8 million at June 30, 2014, a decrease of $375,000 or 5.5%. Loans on nonaccrual status totaled $5.8 million at December 31, 2014 of which $2.8 million were in the process of foreclosure. Included in nonaccrual loans were $3.3 million of loans which were less than 90 days past due at December 31, 2014, 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. Included in total loans past due were $489,000 of loans which 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 term of the forbearance agreement, the Bank has agreed not to continue foreclosure proceedings. 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. The growth in nonperforming assets 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.

DEPOSITS

Total deposits decreased $6.4 million, or 1.1%, to $583.2 million at December 31, 2014 from $589.6 million at June 30, 2014. Interest bearing checking accounts (NOW accounts) decreased $9.7 million, or 4.4%, to $210.9 million at December 31, 2014 as compared to $220.6 million at June 30, 2014. Savings deposits decreased $4.0 million from $165.2 million at June 30, 2014 to $161.2 million at December 31, 2014, and certificates of deposit decreased $2.4 million from $48.9 million at June 30, 2014 to $46.5 million at December 31, 2014. Partially offsetting these decreases was an increase of $10.9 million, or 12.5%, in money market deposits between June 30, 2014 and December 31, 2014.

(In thousands)	At December 31, 2014	Percentage of Portfolio		At June 30, 2014	Percentage of Portfolio	
Noninterest bearing deposits	$66,348	11.4	%	$67,446	11.5	%
Certificates of deposit	46,493	8.0		48,900	8.3	
Savings deposits	161,202	27.6		165,227	28.0	
Money market deposits	98,247	16.8		87,363	14.8	
NOW deposits	210,891	36.2		220,638	37.4	
Total deposits	$583,181	100.0	%	$589,574	100.0	%

BORROWINGS

During the year ended June 30, 2014, the Company entered into an Irrevocable Letter of Credit Reimbursement Agreement with the Federal Home Loan Bank of New York ("FHLB"), whereby upon The Bank of Greene County's request, on behalf of Greene County Commercial Bank, an irrevocable letter of credit is issued to secure municipal transactional deposit accounts. At December 31, 2014, The Bank of Greene County had pledged approximately $206.2 million of its residential mortgage portfolio as collateral for borrowing and stand-by letters of credit with the FHLB. The maximum amount of funding available from the FHLB was $166.5 million at December 31, 2014, of which $59.0 million in borrowings and $200,000 in stand-by letters of credit were outstanding at December 31, 2014. There were $43.5 million in short term borrowings outstanding at December 31, 2014. Interest rates on short term borrowings are determined at the time of borrowing. The remaining $15.5 million consisted of long-term fixed rate, fixed term advances with a weighted average rate of 1.46% and a weighted average maturity of 43 months. The Bank has recently increased its level of long-term borrowing to strengthen its overall interest rate risk position, to help mitigate the potential negative impact of rising interest rates.

The Bank of Greene County also pledges securities as collateral at the Federal Reserve Bank discount window for overnight borrowings. At December 31, 2014, approximately $4.8 million of collateral was available to be pledged against potential borrowings at the Federal Reserve Bank discount window. There were no balances outstanding with the Federal Reserve Bank at December 31, 2014 or 2013.

The Bank of Greene County has established unsecured lines of credit with Atlantic Central Bankers Bank and another financial institution for $6.0 million and $5.0 million, respectively. The lines of credit provide for overnight borrowing and the interest rate is determined at the time of the borrowing. At December 31, 2014 and 2013 there were no balances outstanding on either of these lines of credit, and there was no activity during the six months ended December 31, 2014 and 2013.

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Scheduled maturities of long-term borrowings at December 31, 2014 were as follows:

(In thousands)	
Within the year ended June 30,	
2015	$-
2016	-
2017	2,500
2018	4,500
2019	5,500
Due after 2019	3,000
	$15,500

EQUITY

Shareholders' equity increased to $64.5 million at December 31, 2014 from $61.2 million at June 30, 2014, as net income of $3.6 million and a $301,000 decrease in other accumulated comprehensive loss was partially offset by dividends declared and paid of $693,000. Other changes in equity, totaling a $70,000 increase, were the result of options exercised pursuant to the Company's 2008 Stock Option Plan.

Selected Equity Data:	At December 31,	
	2014	2013
Shareholders' equity to total assets, at end of period	9.05 %	8.95 %
Average shareholders' equity to average assets	9.15 %	8.87 %
Book value per share	$15.28	$13.88
Closing market price of common stock	$30.10	$26.00

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Comparison of Operating Results for the Six and Three Months Ended December 31, 2014 and 2013

Average Balance Sheet

The following tables set forth certain information relating to Greene County Bancorp, Inc. for the six and three ended December 31, 2014 and 2013. For the periods indicated, the total dollar amount of interest income from average interest earning assets and the resultant yields, as well as the interest expense on average interest bearing liabilities, are expressed both in dollars and rates. No tax equivalent adjustments were made. Average balances were based on daily averages. Average loan balances include non-performing loans. The loan yields include net amortization of certain deferred fees and costs that are considered adjustments to yields.

Six Months Ended December 31, 2014 and 2013

(Dollars in thousands)	2014 Average Outstanding Balance	Interest Earned / Paid	Average Yield / Rate	2013 Average Outstanding Balance	Interest Earned / Paid	Average Yield / Rate
Interest Earning Assets:						
Loans receivable, net[1]	$415,279	$9,783	4.71 %	$380,121	$9,124	4.80 %
Securities[2]	247,465	2,824	2.28	240,851	2,621	2.18
Interest bearing bank balances and federal funds	5,031	10	0.40	4,163	8	0.38
FHLB stock	1,606	31	3.86	1,347	24	3.56
Total interest earning assets	669,381	12,648	3.78 %	626,482	11,777	3.76 %
Cash and due from banks	7,133			6,356		
Allowance for loan losses	(7,607)			(6,972)		
Other non-interest earning assets	17,297			16,902		
Total assets	$686,204			$642,768		
Interest-Bearing Liabilities:						
Savings and money market deposits	$258,196	$410	0.32 %	$250,341	$471	0.38 %
NOW deposits	225,668	430	0.38	208,296	454	0.44
Certificates of deposit	47,349	161	0.68	52,918	174	0.66
Borrowings	22,195	124	1.12	13,701	61	0.89
Total interest bearing liabilities	553,408	1,125	0.41 %	525,256	1,160	0.44 %
Non-interest bearing deposits	67,302			58,281		
Other non-interest bearing liabilities	2,737			2,189		
Shareholders' equity	62,757			57,042		
Total liabilities and equity	$686,204			$642,768		
Net interest income		$11,523			$10,617	
Net interest rate spread			3.37 %			3.32 %
Net earnings assets	$115,973			$101,226		
Net interest margin			3.44 %			3.39 %
Average interest earning assets to average interest bearing liabilities	120.96 %			119.27 %		

[1]Calculated net of deferred loan fees and costs, loan discounts, and loans in process.

[2]Includes tax-free securities, mortgage-backed securities, and asset-backed securities.

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Three Months Ended December 31, 2014 and 2013

(Dollars in thousands)	2014 Average Outstanding Balance	2014 Interest Earned / Paid	2014 Average Yield / Rate	2013 Average Outstanding Balance	2013 Interest Earned / Paid	2013 Average Yield / Rate
Interest Earning Assets:						
Loans receivable, net[1]	$421,550	$4,944	4.69 %	$388,126	$4,626	4.77 %
Securities[2]	249,687	1,438	2.30	236,807	1,305	2.20
Interest bearing bank balances and federal funds	8,902	8	0.36	7,668	6	0.31
FHLB stock	1,557	17	4.37	1,322	14	4.24
Total interest earning assets	681,696	6,407	3.76 %	633,923	5,951	3.76 %
Cash and due from banks	6,977			6,507		
Allowance for loan losses	(7,747)			(6,964)		
Other non-interest earning assets	17,241			16,860		
Total assets	$698,167			$650,326		
Interest-Bearing Liabilities:						
Savings and money market deposits	$263,478	$206	0.31 %	$250,270	$233	0.37 %
NOW deposits	233,257	218	0.37	217,749	232	0.43
Certificates of deposit	46,697	76	0.65	51,540	84	0.65
Borrowings	21,820	63	1.15	13,140	33	1.00
Total interest bearing liabilities	565,252	563	0.40 %	532,699	582	0.44 %
Non-interest bearing deposits	66,893			57,890		
Other non-interest bearing liabilities	2,443			2,114		
Shareholders' equity	63,579			57,623		
Total liabilities and equity	$698,167			$650,326		
Net interest income		$5,844			$5,369	
Net interest rate spread			3.36 %			3.32 %
Net earnings assets	$116,444			$101,224		
Net interest margin			3.43 %			3.39 %
Average interest earning assets to average interest bearing liabilities	120.60 %			119.00 %		

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

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Rate / Volume Analysis

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected Greene County Bancorp, Inc.'s interest income and interest expense during the periods indicated. Information is provided in each category with respect to:
(i) Change attributable to changes in volume (changes in volume multiplied by prior rate);
(ii) Change attributable to changes in rate (changes in rate multiplied by prior volume); and
(iii) The net change.
The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

(Dollars in thousands)	Six Months Ended December 31, 2014 versus 2013 Increase/(Decrease) Due To Volume	Rate	Total Increase/ (Decrease)	Three Months Ended December 31, 2014 versus 2013 Increase/(Decrease) Due To Volume	Rate	Total Increase/ (Decrease)
Interest Earning Assets:						
Loans receivable, net[1]	$832	$(173)	$ 659	$396	$(78)	$ 318
Securities[2]	76	127	203	72	61	133
Interest bearing bank balances and federal funds	2	0	2	1	1	2
FHLB stock	5	2	7	3	0	3
Total interest earning assets	915	(44)	871	472	(16)	456
Interest-Bearing Liabilities:						
Savings and money market deposits	15	(76)	(61)	12	(39)	(27)
NOW deposits	38	(62)	(24)	17	(31)	(14)
Certificates of deposit	(18)	5	(13)	(8)	(0)	(8)
Borrowings	44	19	63	24	6	30
Total interest bearing liabilities	79	(114)	(35)	45	(64)	(19)
Net change in net interest income	$836	$70	$ 906	$427	$48	$ 475

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

GENERAL

Return on average assets and return on average equity are common methods of measuring operating results. Annualized return on average assets decreased to 1.05% for the six months ended December 31, 2014 as compared to 1.08% for the six months ended December 31, 2013, and was 1.04% and 1.06% for the three months ended December 31, 2014 and 2013, respectively. Annualized return on average equity increased to 11.43% for the six months and 11.39% for the three months ended December 31, 2014 as compared to 12.20% for the six months and 11.97% for the three months ended December 31, 2013. The decrease in return on average assets and return on average equity was primarily the result of growth in both average assets and average equity with minimal growth in net income. Net income amounted to $3.6 million and $3.5 million for the six months ended December 31, 2014 and 2013, respectively, an increase of $107,000 or 3.1% and amounted to $1.8 million and $1.7 million for the three months ended December 31, 2014 and 2013, respectively, an increase of $86,000 or 5.0%. Average assets increased $43.4 million, or 6.8% to $686.2 million for the six months ended December 31, 2014 as compared to $642.8 million for the six months ended December 31, 2013. Average equity increased $5.7 million, or 10.0%, to $62.7 million for the six months ended December 31, 2014 as compared to $57.0 million for the six months ended December 31, 2013. Average assets increased $47.9 million, or 7.4% to $698.2 million for the three months ended December 31, 2014 as compared to $650.3 million for the three months ended December 31, 2013. Average equity increased $6.0 million, or 10.4% to $63.6 million for the quarter ended December 31, 2014 as compared to $57.6 million for the three months ended December 31, 2013.

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INTEREST INCOME

Interest income amounted to $12.6 million for the six months ended December 31, 2014 as compared to $11.8 million for the six months ended December 31, 2013, an increase of $871,000, or 7.4%. Interest income amounted to $6.4 million for the three months ended December 31, 2014 as compared to $6.0 million for the three months ended December 31, 2013, an increase of $456,000, or 7.7%. The increase in average loan balances and the increase in securities yields had the greatest impact on interest income when comparing the six and three months ended December 31, 2014 and 2013, which was offset by a decrease in the yield on loans. Average loan balances increased $35.2 million and $33.4 million while the yield on loans decreased 9 basis points and 8 basis points when comparing the six and three months ended December 31, 2014 and 2013, respectively. Average securities increased $6.6 million and $12.9 million and the yield on such securities increased 10 basis points when comparing the six and three months ended December 31, 2014 and 2013, respectively.

INTEREST EXPENSE

Interest expense amounted to $1.1 million for the six months ended December 31, 2014 as compared to $1.2 million for the six months ended December 31, 2013, a decrease of $35,000, or 3.0%. Interest expense amounted to $563,000 for the three months ended December 31, 2014 as compared to $582,000 for the three months ended December 31, 2013, a decrease of $19,000, or 3.3%. Decreases in rates on interest-bearing liabilities contributed to the decrease in overall interest expense. As illustrated in the rate/volume table, interest expense was reduced $114,000 and $64,000 when comparing the six and three months ended December 31, 2014 and 2013, respectively, due to a 3 and 4 basis point decrease in the average rate on interest-bearing liabilities when comparing these same periods.

The average rate paid on NOW deposits decreased 6 basis points when comparing the six and three months ended December 31, 2014 and 2013, and the average balance of such accounts grew by $17.4 million and $15.5 million when comparing these same periods, respectively. The average balance of savings and money market deposits increased by $7.9 million and $13.2 million and the rate paid decreased by 6 basis points when comparing the six and three months ended December 31, 2014 and 2013, respectively. The average balance of certificates of deposit decreased $5.6 million and $4.8 million when comparing the six and three months ended December 31, 2014 and 2013, respectively. The average rate paid on certificate of deposits increased 2 basis points when comparing the six months ended December 31, 2014 and 2013, and remained unchanged when comparing the three months ended December 31, 2014 and 2013. This increase in rate paid on certificates of deposit for the six months is the result of the promotion of a five year certificate product.

The average balance on borrowings increased $8.5 million and the rate increased 23 basis points when comparing the six months ended December 31, 2014 and 2013. The average balance on borrowings increased $8.7 million and the rate increased 15 basis points when comparing the three months ended December 31, 2014 and 2013. This was the result of locking in long-term borrowings during the fiscal year ended June 30, 2014 as well as funding loan growth during the six and three months ended December 31, 2014.

NET INTEREST INCOME

Net interest income increased $906,000 to $11.5 million for the six months ended December 31, 2014 from $10.6 million for the six months ended December 31, 2013. Net interest spread increased 5 basis points to 3.37% as compared to 3.32% when comparing the six months ended December 31, 2014 and 2013, respectively. Net interest margin increased 5 basis points to 3.44% for the six months ended December 31, 2014 as compared to 3.39% for the six months ended December 31, 2013. Net interest income increased $475,000 to $5.8 million for the three months ended December 31, 2014 from $5.4 million for the three months ended December 31, 2013. Net interest spread increased 4 basis points to 3.36% as compared to 3.32% when comparing the three months ended December 31, 2014 and 2013, respectively. Net interest margin increased 4 basis points to 3.43% for the three months ended December

31, 2014 as compared to 3.39% for the three months ended December 31, 2013. The expansion of the net interest spread and margin, along with an increase in average loan balances, led to an increase in net interest income when comparing the six and three months ended December 31, 2014 and 2013.

Due to the large portion of fixed-rate residential mortgages in the Company's portfolio, interest rate risk is a concern and the Company will continue to monitor and adjust the asset and liability mix as much as possible to take advantage of the benefits and reduce the risks or potential negative effects of a rising rate environment. Management attempts to mitigate the interest rate risk through balance sheet composition. Several strategies are used to help manage interest rate risk such as maintaining a high level of liquid assets such as short-term federal funds sold and various investment securities and maintaining a high concentration of less interest-rate sensitive and lower-costing core deposits.

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PROVISION FOR LOAN LOSSES

Management continues to closely monitor asset quality and adjust the level of the allowance for loan losses when necessary. The amount recognized for the provision for loan losses is determined by management based on its ongoing analysis of the adequacy of the allowance for loan losses. The provision for loan losses amounted to $716,000 and $821,000 for the six months ended December 31, 2014 and 2013, respectively. The provision for loan losses amounted to $305,000 and $508,000 for the three months ended December 31, 2014 and 2013, respectively. The higher level of provision in the six and three months ended December 31, 2013 was the result of higher levels of net charge-offs recorded in those periods. Allowance for loan losses to total loans receivable decreased to 1.81% as of December 31, 2014 as compared to 1.83% as of June 30, 2014. Nonperforming loans amounted to $6.3 million and $6.2 million at December 31, 2014 and June 30, 2014, respectively. Net charge-offs amounted to $339,000 and $690,000 for the six months ended December 31, 2014 and 2013, respectively, and amounted to $229,000 and $365,000 for the three months ended December 31, 2014 and 2013, respectively. At December 31, 2014, nonperforming assets were 0.96% of total assets and nonperforming loans were 1.49% of net loans. 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

	For the six months ended December 31,		Change from Prior Year		
Noninterest income:	2014	2013	Amount	Percent	
Service charges on deposit accounts	$1,446	$1,331	$115	8.6	%
Debit card fees	844	775	69	8.9	
Investment services	189	192	(3)	(1.6)	
E-commerce fees	53	51	2	3.9	
Other operating income	377	317	60	18.9	
Total noninterest income	$2,909	$2,666	$243	9.1	%

Noninterest income increased $243,000, or 9.1%, to $2.9 million for the six months ended December 31, 2014 as compared to $2.7 million for the six months ended December 31, 2013, primarily due to an increase in service charges on deposits and debit card fees resulting from continued growth in the number of checking accounts with debit cards, as well as an increase in fees collected on loans which are included in other operating income.

	For the three months ended December 31,		Change from Prior Year		
Noninterest income:	2014	2013	Amount	Percent	
Service charges on deposit accounts	$730	$655	$75	11.5	%
Debit card fees	429	386	43	11.1	
Investment services	87	87	-	-	
E-commerce fees	25	25	-	-	
Other operating income	169	163	6	3.7	
Total noninterest income	$1,440	$1,316	$124	9.4	%

Noninterest income increased $124,000, or 9.4%, to $1.4 million for the three months ended December 31, 2014 as compared to $1.3 million for the three months ended December 31, 2013, primarily due to an increase in service charges on deposits and debit card fees resulting from continued growth in the number of checking accounts with debit cards.

NONINTEREST EXPENSE

	For the six months ended December 31,		Change from Prior Year	
Noninterest expense:	2014	2013	Amount	Percent
Salaries and employee benefits	$4,757	$4,257	$500	11.8 %
Occupancy expense	668	619	49	7.9
Equipment and furniture expense	253	262	(9)	(3.4)
Service and data processing fees	842	654	188	28.8
Computer software, supplies and support	339	207	132	63.8
Advertising and promotion	132	136	(4)	(2.9)
FDIC insurance premiums	192	192	-	-
Legal and professional fees	592	455	137	30.1
Other	998	781	217	27.8
Total noninterest expense	$8,773	$7,563	$1,210	16.0 %

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Noninterest expense increased $1.2 million, or 16.0%, to $8.8 million for the six months ended December 31, 2014 as compared to $7.6 million for the six months ended December 31, 2013. The increase was primarily due to an increase in salaries and employee benefits of $500,000, an increase in service and data processing fees of $188,000, an increase in computer software, supplies and support of $132,000 and an increase in legal and professional fees of $137,000. The increase in salaries and employees benefits was in part due to normal increases in salaries as well as an increase in the number of employees when comparing the six months ended December 31, 2014 and 2013 as well as to an increase in medical insurance expenses. The increase in service and data processing fees were the result of higher debit card processing fees. During the six months ended December 31, 2013, the Company had paid reduced fees as a result of renegotiation of the contract between the Company and its vendor. These incentives have since expired, resulting in the higher fees paid during the six months ended December 31, 2014. The increase in computer software, supplies and support was the result of a fee paid to one of the Company's vendors related to the renegotiation of the contract for support services. The increase in legal and professional fees was the result of implementation costs associated with the formation of the Company's pooled captive insurance subsidiary, which was established in December 2014. This newly formed company, Greene Risk Management, Inc. was formed as a subsidiary of Greene County Bancorp, Inc. to provide additional insurance coverage for the Company and its subsidiaries related to the operations of the Company for which insurance may not be economically feasible. Included in other expenses were write-downs on foreclosed real estate in the amount of $99,000 for the three months ended December 31, 2014. These write-downs were the result of either obtaining updated appraisals on the properties or the acceptance of an offer to purchase the property at a value lower than the recorded fair value.

	For the three months ended December 31,		Change from Prior Year	
Noninterest expense:	2014	2013	Amount	Percent
Salaries and employee benefits	$2,390	$2,063	$327	15.9 %
Occupancy expense	344	296	48	16.2
Equipment and furniture expense	177	149	28	18.8
Service and data processing fees	388	318	70	22.0
Computer software, supplies and support	106	93	13	14.0
Advertising and promotion	51	69	(18)	(26.1)
FDIC insurance premiums	101	103	(2)	(1.9)
Legal and professional fees	379	250	129	51.6
Other	560	410	150	36.6
Total noninterest expense	$4,496	$3,751	$745	19.9 %

Noninterest expense increased $745,000, or 19.9%, to $4.5 million for the three months ended December 31, 2014 as compared to $3.8 million for the three months ended December 31, 2013. The increase was primarily due to an increase in salaries and employee benefits of $327,000, an increase in service and data processing fees of $70,000 and an increase in legal and professional fees of $129,000. The increase in salaries and employees benefits was in part due to normal increases in salary as well as an increase in the number of employees when comparing the three months ended December 31, 2014 and 2013 as well as to an increase in medical insurance expenses. The increase in service and data processing fees were the result of higher debit card processing fees. During the three months ended December 31, 2013, the Company had paid reduced fees as a result of renegotiation of the contract between the Company and its vendor. These incentives have since expired, resulting in the higher fees paid during the three months ended December 31, 2014. The increase in legal and professional fees was the result of implementation costs associated with the formation of the Company's pooled captive insurance subsidiary, which was established in December 2014. Included in other expenses were write-downs on foreclosed real estate in the amount of $99,000 for the six months ended December 31, 2014. These write-downs were the result of either obtaining updated appraisals on the properties or the acceptance of an offer to purchase the property at a value lower than the recorded fair value.

INCOME TAXES

The provision for income taxes directly reflects the expected tax associated with the pre-tax income generated for the given period and certain regulatory requirements. The effective tax rate was 27.5% and 27.1% for the six and three months ended December 31, 2014, compared to 29.0% and 28.9% for the six and three months ended December 31, 2013. The effective tax rate has continued to decline as a result of income derived from tax exempt bonds and loans as well as continued loan growth within the Company’s real estate investment trust subsidiary. We anticipate that the establishment of the Company’s pooled captive insurance company will also contribute to a lower effective federal income tax rate in future periods, as premium income, up to $1.2 million, received by the pooled captive insurance company is exempt from income taxes. The premiums paid to the pooled captive insurance company by the Company and its banking subsidiaries are tax deductible.

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LIQUIDITY AND CAPITAL RESOURCES

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates or prices such as interest rates, foreign currency exchange rates, commodity prices, and equity prices. Greene County Bancorp, Inc.'s most significant form of market risk is interest rate risk since the majority of Greene County Bancorp, Inc.'s assets and liabilities are sensitive to changes in interest rates. Greene County Bancorp, Inc.'s primary sources of funds are deposits and proceeds from principal and interest payments on loans, mortgage-backed securities and debt securities, with lines of credit available through the Federal Home Loan Bank and Atlantic Central Bankers Bank as needed. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit outflows, mortgage prepayments, and lending activities are greatly influenced by general interest rates, economic conditions and competition.

The Bank of Greene County's unfunded loan commitments are as follows at December 31, 2014:

(In thousands)	
Nonresidential mortgage loan commitments	$4,963
Residential mortgage loan commitments	3,959
Construction and land loan commitments	3,316
Unused portion of overdraft lines of credit	692
Unused portion of home equity lines of credit	7,782
Unused portion of commercial lines of credit	14,884
Commercial loan commitments	226
Total commitments	$35,822

Greene County Bancorp, Inc. anticipates that it will have sufficient funds available to meet current loan commitments based on the level of cash and cash equivalents as well as the available for sale investment portfolio and borrowing capacity.

The Bank of Greene County and Greene County Commercial Bank met all applicable regulatory capital requirements at December 31, 2014 and June 30, 2014. In July 2013, the Office of the Comptroller of the Currency and the other federal bank regulatory agencies issued a final rule that will revise their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a new common equity Tier 1 minimum capital requirement (4.5% of risk-weighted assets), increases the minimum Tier 1 capital to risk-based assets requirement (from 4% to 6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and to certain commercial real estate facilities that finance the acquisition, development or construction of real property. The final rule also requires unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital unless a one-time opt-out is exercised. Additional constraints will also be imposed on the inclusion in regulatory capital of mortgage-servicing assets, defined tax assets and minority interests. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements. The final rule becomes effective for The Bank of Greene County and Greene County Commercial Bank on January 1, 2015. The capital conservation buffer requirement will be phased in beginning January 1, 2016 and ending January 1, 2019, when the full capital conservation buffer requirement will be effective. The Company has reviewed the new regulatory capital requirements and believes that it will continue to meet all applicable capital adequacy requirements under the new rules. Also, beginning on January 1, 2015, the top-tier savings and loan holding company, Greene County Bancorp, MHC will be subject to the new regulatory capital requirements. The Company believes that Greene County Bancorp, MHC will also meet all applicable capital adequacy requirements under the new rules. Consolidated shareholders’ equity represented 9.1% of total assets at December 31, 2014 and June 30, 2014.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to smaller reporting companies.

Item 4. Controls and Procedures

Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and in timely altering them to material information relating to the Company (or its consolidated subsidiaries) required to be filed in its periodic SEC filings.

There has been no change in the Company's internal control over financial reporting in connection with the quarterly evaluation that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Part II. Other Information

Item 1. Legal Proceedings

Greene County Bancorp, Inc. and its subsidiaries are not engaged in any material legal proceedings at the present time.

Item 1A. Risk Factors

Not applicable to smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) Not applicable
b) Not applicable
c) Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

a) Not applicable
b) There were no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors during the period covered by this Form 10-Q.

Item 6. Exhibits

Exhibits

31.1	Certification of Chief Executive Officer, adopted pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer, adopted pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Statement of Chief Executive Officer, furnished pursuant to U.S.C. Section 1350
32.2	Statement of Chief Financial Officer, furnished pursuant to U.S.C. Section 1350
101	The following materials from Greene County Bancorp, Inc. Form 10-Q for the quarter ended December 31, 2014, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Financial Condition, (iii) Consolidated Statements of Cash Flows and (iv) related notes, tagged as blocks of text.

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SIGNATURES

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

Greene County Bancorp, Inc.

Date: February 13, 2015

By: /s/ Donald E. Gibson

Donald E. Gibson
President and Chief Executive Officer

Date: February 13, 2015

By: /s/ Michelle M. Plummer

Michelle M. Plummer, CPA
Executive Vice President, Chief Financial Officer, and Chief Operating Officer