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

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended June 30, 2024
OR
[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transaction period from ____________________ to ______________________

Commission File Number: 0-25165

Greene County Bancorp Inc.

GREENE COUNTY BANCORP, INC.
(Name of registrant as specified in its Charter)

United States	14-1809721
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

302 Main Street, Catskill, New York	12414
(Address of Principal Executive Office)	**(Zip Code)**

(518) 943-2600
(Issuer's Telephone Number including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of class	**Trading symbol**	**Name of exchange on which registered**
Common Stock, $0.10 par value	GCBC	The Nasdaq Stock Market

Securities Registered Pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.
YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

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

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of December 31, 2023, there were 17,026,828 shares outstanding of the Registrant's common stock of which 6,355,688 were shares of voting stock held by non-affiliates of the Registrant. Computed by reference to the closing price of Common Stock of $28.20 on December 31, 2023, the aggregate value of stock held by non-affiliates was $179,230,000. As of September 5, 2024, there were 17,026,828 shares outstanding of the Registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2024 Annual Meeting of Shareholders are incorporated by reference into Part II and III of this Form 10-K where indicated.

GREENE COUNTY BANCORP, INC. AND SUBSIDIARIES
FORM 10-K

PART I

ITEM 1. Business

Greene County Bancorp, MHC and Greene County Bancorp, Inc.

Greene County Bancorp, MHC was formed in December 1998 as part of The Bank of Greene County's mutual holding company reorganization. In 2001, Greene County Bancorp, MHC converted from a state to a federal charter. The Federal Reserve Board regulates Greene County Bancorp, MHC. Greene County Bancorp, MHC owns 54.1% of the issued and outstanding common stock of Greene County Bancorp, Inc The remaining shares of Greene County Bancorp, Inc. are owned by public stockholders and The Bank of Greene County's Employee Stock Ownership Plan. At June 30, 2024, Greene County Bancorp, Inc.'s assets consisted primarily of its investment in The Bank of Greene County, cash and securities. At June 30, 2024, 7,808,300 shares of Greene County Bancorp, Inc.'s common stock, par value $0.10 per share, were held by the public, including executive officers and directors, 195,852 shares were held as Treasury stock and 9,218,528 shares were held by Greene County Bancorp, MHC, Greene County Bancorp, Inc.'s mutual holding company. Greene County Bancorp, MHC does not engage in any business activity other than to hold a majority of Greene County Bancorp, Inc.'s common stock and to invest any liquid assets of Greene County Bancorp, MHC.

Greene County Bancorp, Inc. (the "Company") operates as the federally chartered holding company of The Bank of Greene County, a federally chartered savings bank. Greene County Bancorp, Inc. was organized in December of 1998 at the direction of the Board of Trustees of The Bank of Greene County (formerly Greene County Savings Bank) for the purpose of acting as the holding company of The Bank of Greene County. In 2001, Greene County Bancorp, Inc. converted its charter from a Delaware corporation regulated by the Board of Governors of the Federal Reserve System to a federal corporation regulated by the Office of Thrift Supervision. Effective in July 2011, the regulation of federally chartered savings and loan holding companies was transferred to the Federal Reserve Board under the Dodd-Frank Act. Greene County Bancorp, Inc.'s principal business is overseeing and directing the business of The Bank of Greene County and monitoring its cash position.

The Bank of Greene County

The Bank of Greene County (the "Bank") was organized in 1889 as The Building and Loan Association of Catskill, a New York-chartered savings and loan association. In 1974, The Bank of Greene County converted to a New York mutual savings bank under the name Greene County Savings Bank. In conjunction with the reorganization and the offering completed in December 1998, which resulted in the organization of Greene County Bancorp, Inc., Greene County Savings Bank changed its name to The Bank of Greene County. In November 2006, The Bank of Greene County converted its charter to a federal savings bank charter. The Bank of Greene County's deposits are insured by the Deposit Insurance Fund, as administered by the Federal Deposit Insurance Corporation, up to the maximum amount permitted by law.

The Bank of Greene County's principal business consists of attracting retail deposits from the general public in the areas surrounding its branches and investing those deposits, together with funds generated from operations and borrowings, primarily in residential mortgage loans, commercial real estate mortgage loans, consumer loans, home equity loans and commercial business loans. In addition, The Bank of Greene County invests a significant portion of its assets in state and political subdivision securities and mortgage-backed securities. The Bank of Greene County's revenues are derived principally from the interest on its residential and commercial real estate mortgages, and to a lesser extent, from interest on consumer and commercial loans and other types of securities, as well as from servicing fees and service charges and other fees collected on its deposit accounts, debit card fee income, and bank owned life insurance income. The Bank of Greene County offers investment alternatives for customers, which also contributes to the Bank's revenues through Osaic Institutions, Inc., which allows the Bank to rebrand these alternative investment services as Greene Investment Services. The Bank of Greene County's primary sources of funds are deposits, borrowings from the Federal Home Loan Bank of New York ("FHLB"), and principal and interest payments on loans and securities.

Greene County Commercial Bank

The Bank of Greene County operates a limited-purpose subsidiary, Greene County Commercial Bank (the "Commercial Bank"). Greene County Commercial Bank was formed in January 2004 as a New York State-chartered limited purpose commercial bank. Greene County Commercial Bank has the power to receive deposits only to the extent of accepting for deposit the funds of the United States and the State of New York and their respective agents, authorities and instrumentalities, and local governments as defined in Section 10(a)(1) of the New York General Municipal Law.

Greene Property Holdings, Ltd.

The Bank of Greene County also operates a real estate investment trust, Greene Property Holdings, Ltd. Greene Property Holdings, Ltd. was formed in June 2011 as a New York corporation that elected under the Internal Revenue Code to be taxed as a real estate investment trust. The Bank of Greene County transferred beneficial ownership of certain mortgages and notes to Greene Property Holdings, Ltd.

in exchange for 100% of the common stock of Greene Property Holdings, Ltd. The Bank of Greene County continues to service these mortgage customers pursuant to a management and servicing agreement with Greene Property Holdings, Ltd.

Administrative offices for Greene County Bancorp, MHC, Greene County Bancorp, Inc., The Bank of Greene County, Greene County Commercial Bank, and Greene Property Holdings, Ltd. are located at 302 Main Street, Catskill, New York 12414-1317. The telephone number is (518) 943-2600.

Greene Risk Management, Inc.

Greene Risk Management, Inc. ("GRM") was formed in December 2014 as a pooled captive insurance company subsidiary of Greene County Bancorp, Inc., incorporated in the State of Nevada. During the fiscal year ended June 30, 2023, management determined to close down GRM due to proposed IRS regulations. The purpose of this company was 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. On June 21, 2023, GRM received a formal surrender of certificate of authority and voluntary withdrawal notice from the State of Nevada, Division of Insurance. The remaining liabilities were settled and assets transferred to Greene County Bancorp Inc., the parent of GRM as of June 28, 2023, and the corporation was formally liquidated under IRS Code 332 as of June 30, 2023.

Greene County Bancorp, Inc. and Subsidiaries

(In thousands)

Balance sheet data as of June 30, 2024:	Assets	Deposits	Borrowings	Equity
Greene County Bancorp, Inc. (consolidated)	$2,825,788	$2,389,222	$199,137	$206,000
The Bank of Greene County (consolidated)	2,824,607	2,411,691	149,456	233,757
Greene County Commercial Bank	1,091,800	1,044,336	-	96,954
Greene Property Holdings, Ltd.	687,879	-	-	687,879

Non-GAAP Financial Measures

Regulation G, a rule adopted by the Securities and Exchange Commission (SEC), applies to certain SEC filings, including earnings releases, made by registered companies that contain "non-GAAP financial measures." GAAP is generally accepted accounting principles in the United States of America. Under Regulation G, companies making public disclosures containing non-GAAP financial measures must also disclose, along with each non-GAAP financial measure, certain additional information, including a reconciliation of the non-GAAP financial measure to the closest comparable GAAP financial measure (if a comparable GAAP measure exists) and a statement of the Company's reasons for utilizing the non-GAAP financial measure as part of its financial disclosures. The SEC has exempted from the definition of "non-GAAP financial measures" certain commonly used financial measures that are not based on GAAP. When these exempted measures are included in public disclosures, supplemental information is not required. Financial institutions like the Company and its subsidiary banks are subject to an array of bank regulatory capital measures that are financial in nature but are not based on GAAP and are not easily reconcilable to the closest comparable GAAP financial measures, even in those cases where a comparable measure exists. The Company follows industry practice in disclosing its financial condition under these various regulatory capital measures, including period-end regulatory capital ratios for itself and its subsidiary banks, in its periodic reports filed with the SEC, and it does so without compliance with Regulation G, on the widely-shared assumption that the SEC regards such non-GAAP measures to be exempt from Regulation G. The Company uses in this annual report additional non-GAAP financial measures that are commonly utilized by financial institutions and have not been specifically exempted by the SEC from Regulation G. The Company provides, as supplemental information, such non-GAAP measures included in this annual report as described immediately below.

Fully Tax-Equivalent Net Interest Income and Net Interest Margin: Net interest income, as a component of the tabular presentation by financial institutions of Selected Financial Information regarding their recently completed operations, as well as disclosures based on that tabular presentation, is commonly presented on a tax-equivalent basis. That is, to the extent that some component of the institution's net interest income, which is presented on a before-tax basis, is exempt from taxation (e.g., is received by the institution as a result of its holdings of state or municipal obligations), an amount equal to the tax benefit derived from that component is added to the actual before-tax net interest income total. This adjustment is considered helpful in comparing one financial institution's net interest income to that of another institution or in analyzing any institution's net interest income trend line over time, to correct any analytical distortion that might otherwise arise from the fact that financial institutions vary widely in the proportions of their portfolios that are invested in tax-exempt securities, and that even a single institution may significantly alter over time the proportion of its own portfolio that is invested in tax-exempt obligations. Moreover, net interest income is itself a component of a second financial measure commonly used by financial institutions, net interest margin, which is the ratio of net interest income to average interest-earning assets. For purposes of this measure as well, tax-equivalent net interest income is generally used by financial institutions, again to provide a better basis of comparison from institution to institution and to better demonstrate a single institution's performance over time. While we present net interest income and net interest margin utilizing GAAP measures (no tax-equivalent adjustments) as a component of the tabular presentation within our disclosures, we do provide as supplemental information net interest income and net interest margin on a tax-equivalent basis.

Market Area

The Company is a community bank offering a variety of financial services to meet the needs of the communities it serves. At June 30, 2024, the Company operated 18 full-service banking offices, lending centers, an operations center, customer call center and a wealth management center, located in its market area consisting of the Hudson Valley and Capital District Regions of New York State. The primary market area the Company serves is the Greene, Columbia, Albany, Ulster and Rensselaer Counties of New York State.

As of 2023, the Greene County population was approximately 47,000, Columbia County was approximately 60,000, Albany County was approximately 317,000, Ulster County was approximately 182,000 and Rensselaer County was approximately 159,000. Greene County is primarily rural, and the major industry consists of tourism associated with the several ski facilities and festivals located in the Catskill Mountains. Greene County has no concentrations of manufacturing industry. Greene County is contiguous to the Albany-Schenectady-Troy metropolitan statistical area. The close proximity of Greene County to the city of Albany has made it a "bedroom" community for persons working in the Albany capital area. Albany County's economy is dependent on state government, health care services and higher education. Albany has also been growing in the area of technology jobs focusing on the areas of micro- and nanotechnology. Columbia County's major industry's consists of tourism, health care and Columbia County is also a "bedroom" community for persons working in the Albany capital region. Rensselaer County's major industries consists of health care services and higher education, located in close proximity to Albany County. Ulster County's major industry consists of tourism with a number of state parks located within the Catskill Mountains and the Shawangunk Ridge. As such, local employment is primarily within the services industry as well as government and health services.

Competition

The Company faces significant competition both in making loans and in attracting deposits, including attracting municipal deposits. The Company's market area has a high density of financial institutions, including online competitors, many of which are branches of significantly larger institutions that have greater financial resources than the Company, and all of which are competitors of the Company to varying degrees. The Company's competition for loans comes principally from commercial banks, savings banks, savings and loan associations, mortgage-banking companies, credit unions, insurance companies and other financial service companies. The Company faces additional competition for deposits from non-depository competitors such as the mutual fund industry, securities and brokerage firms, fintech firms and insurance companies. Competition has also increased as a result of the lifting of restrictions on the interstate operations of financial institutions.

Competition has increased as a result of the enactment of the Gramm-Leach-Bliley Act of 1999, which eased restrictions on entry into the financial services market by insurance companies and securities firms. Moreover, because this legislation permits banks, securities firms and insurance companies to affiliate, the financial services industry could experience further consolidation. This could result in a growing number of larger financial institutions competing in the Company's primary market area that offer a wider variety of financial services than the Company currently offers. The internet has also become a significant competitive factor for the Company and the overall financial services industry. Competition for deposits, for the origination of loans and the provision of other financial services may limit the Company's growth and adversely impact its profitability in the future.

Lending Activities

General. The principal lending activity of the Company is the origination, for retention in its portfolio, of fixed-rate and adjustable-rate mortgage loans collateralized by residential and commercial real estate primarily located within its primary market area. The Company also originates home equity loans, line of credit products, consumer loans and commercial business loans, and has increased its focus on all aspects of commercial lending.

The Company continues to utilize high quality underwriting standards in originating real estate loans. As such, it does not engage in sub-prime lending or other exotic loan products. When underwriting loans, primary emphasis is placed on the borrower's financial condition, including the ability to generate cash flow to support the debt and other cash expenses. Additional consideration is given to the collateral value and marketability as well as the borrower's character, reputation and other relevant factors. Interest rates charged by the Company may vary with the degree of risk, type, size, complexity, repricing frequency, competition, and other relevant factors associated with the loan. At the time of origination, appraisals are obtained to ensure an adequate loan-to-value ratio of the underlying collateral. 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 or an event that would indicate a significant decline in the collateral value. Additionally, if an existing loan is to be modified or refinanced, generally, an appraisal is ordered to ensure collateral adequacy.

In an effort to manage the interest rate risk, the Company originates both fixed and adjustable rate loans for commercial, residential and consumer lending with 10, 15, and 20 year terms. Currently, the only type of 30 year term loans offered, is the Bank's first time homebuyer program, which offers a fixed rate loan, with a 30 year amortization.

The loan portfolio composition and loan maturity schedule are set forth in Part II, Item 7 Management's Discussion and Analysis of this Annual Report.

Discussion regarding the credit quality of the loan portfolio is set forth in Part II, Item 7 Management's Discussion and Analysis and in Part II, Item 8 Financial Statements and Supplementary Data, Note 4, *Loans and Allowance for Credit Losses on Loans,* of this Annual Report.

Residential, Construction and Land Loans. The Company's primary consumer lending activity is the origination of owner occupied residential mortgage loans collateralized by property located in the Company's primary market area. Residential mortgage loans refer to loans collateralized by one to four-family residences, both owner and non-owner occupied. Multi-family loans collateralized by 5 units or more, such as apartment buildings are originated through the commercial loan platform. The Company originates residential mortgage loans with a maximum loan-to-value ratio of 85%, except for the first time homebuyer program which allows for a loan-to-value ratio of up to 90%. During fiscal 2024 the Company purchased $17.4 million, of residential loans that were outside of our primary market area, for which full due diligence was completed on each loan to ensure credit quality. For the years ended June 30, 2024 and 2023, no residential mortgage loans were originated by the Company with private mortgage insurance. Generally, residential mortgage loans are originated for terms of up to 30 years. In recent years however, the Company has been successful in marketing and originating such loans with 10, 15 and 20 year terms. The Company generally requires fire and casualty insurance, the establishment of a mortgage escrow account for the payment of real estate taxes, and hazard and flood insurance. The Company requires title insurance on most loans for the construction or purchase of residential properties collateralizing real estate loans made by the Company. Title insurance is not required on all refinanced mortgage loans, but is evaluated on a case by case basis.

At June 30, 2024, virtually all of the Company's residential mortgage loans were underwritten to secondary market guidelines and accordingly, were eligible for sale in the secondary mortgage market. However, generally the residential mortgage loans originated by the Company are retained in its portfolio and are not sold into the secondary mortgage market. To the extent fixed-rate residential mortgage loans are retained by the Company, it is exposed to increases in market interest rates, since the yields earned on such fixed-rate assets would remain fixed, while the rates paid by the Company for deposits and borrowings may increase, which could result in lower net interest income.

The Company currently offers residential mortgage loans with fixed and adjustable interest rates. Originations of fixed-rate loans versus adjustable-rate loans are monitored on an ongoing basis and are affected significantly by the level of market interest rates, customer preference, the Company's interest rate gap position, and loan products offered by the Company's competitors. Recently, the Company has been successful in marketing and originating adjustable rate loans and has a new focus on first time home buyer loans. During the current fiscal year, there has been an increase in adjustable-rate mortgage loans, due to the higher interest rate environment. Residential real estate loans often remain outstanding for significantly shorter periods than their contractual terms because borrowers may refinance or prepay loans at their option. The average length of time that the Company's residential mortgage loans remain outstanding varies significantly depending upon trends in market interest rates and other factors.

The Company's adjustable-rate mortgage ("ARM") loans currently provide for maximum rate adjustments of 150 basis points per year and 600 basis points over the term of the loan. Generally, the Company's ARM loans adjust annually after the initial fixed rate portion expires. After origination, the interest rate on such ARM loans is reset based upon a contractual spread or margin above the average yield on one-year United States Treasury securities, adjusted to a constant maturity, as published weekly by the Federal Reserve Board. The Company offers home equity line of credit ARM loans, with initial interest rates that are below market, referred to as "introductory rates," however, in underwriting such loans, borrowers qualified at the full index rate.

ARM loans decrease the risk associated with changes in market interest rates by periodically re-pricing, but involve other risks because as interest rates increase, the underlying payments by the borrower increase, thus increasing the potential for default by the borrower. At the same time, the marketability of the underlying collateral may be adversely affected by higher interest rates. Upward adjustment of the contractual interest rate is also limited by the maximum periodic and lifetime interest rate adjustment permitted by the terms of the ARM loans, and therefore, is potentially limited in effectiveness during periods of rapidly rising interest rates. The Company's willingness and capacity to originate and hold in portfolio shorter-term fixed-rate residential mortgage loans has enabled it to expand customer relationships, where borrowers have generally preferred fixed-rate mortgage loans. However, as noted above, to the extent the Company retains fixed rate residential mortgage loans in its portfolio, it is exposed to increases in market interest rates, since the yields earned on such fixed rate assets would remain fixed while the rates paid by the Company for deposits and borrowings may increase, which could result in lower net interest income.

The Company's residential mortgage loans are generally originated by the Company's loan representatives operating in its Bank offices through their contacts with existing or past loan customers, depositors of the Company, attorneys and accountants who refer loan applications from the general public, and local realtors. The Company has loan originators who call upon customers during non-banking hours and at locations convenient to the customer.

All residential mortgage loans originated by the Company include "due-on-sale" clauses, which give the Company the right to declare a loan immediately due and payable in the event that, among other things, the borrower sells or otherwise disposes of the real property subject to the mortgage.

The Company originates construction-to-permanent loans to homeowners for the purpose of construction of primary and secondary residences. The Company issues a commitment and has one closing which encompasses both the construction phase and permanent financing. The construction phase is a maximum term of twelve months and the interest charged is the rate as stated in the note, with loan-to-value ratios of up to 85.0%, of the completed project. The Company also offers loans collateralized by undeveloped land. The acreage associated with such loans is limited. These land loans generally are intended for future sites of primary or secondary residences. The terms of vacant land loans generally have a fifteen-year maximum amortization.

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

The Company offers and originates non-owner occupied 1-4 family loans through the residential mortgage department. These loans are generally located in the Company's primary market area. Pricing is increased and the advance rate or loan-to-value may be limited when compared to an owner occupied transaction. Otherwise, the Company's underwriting practices and the risks associated with these non-owner occupied 1-4 family loans do not differ substantially from that of owner occupied residential real estate mortgage loans as they are underwritten utilizing similar debt to income methodology, not solely relying on the cash flow of the collateralized property for repayment.

Commercial Real Estate Mortgages. In recent years we have emphasized growing our commercial lending department and believe we have developed a strong team of lenders, credit and business development staff, resulting in our continued growth in these portfolios. Multi-family, mixed-use properties, industrial-warehouse and other commercial properties collateralize the commercial real estate portfolio. The Company originates fixed and adjustable rate commercial real estate mortgage loans with standard terms ranging between 5 to 20 years. The bank can approve terms in excess of 20 years with elevated approval authority.

In underwriting commercial real estate mortgage loans, the Company reviews the expected net operating income generated by the real estate to ensure that it is generally at or above 120% of the amount of the monthly debt service. A lower coverage ratio can be approved for non-profits at 100% of the monthly debt service or loans with strong sponsorship or stable performance at 110% of debt service. We also review as a part of the underwriting process, the useful life and condition of the collateral, the financial resources and income level of the borrower and any guarantors, and the borrower's business experience managing commercial real estate. The Company generally requires personal guarantees on all commercial real estate mortgages, unless the properties are fully stabilized with strong cash flow coverage and collateral position.

The Company may require an environmental site assessment to be performed by an independent professional for commercial real estate mortgage loans. It is also the Company's policy to require hazard insurance on all commercial real estate mortgage loans. In addition, the Company may require borrowers to make payments to a mortgage escrow account for the payment of property taxes and flood insurance when applicable. Any exceptions to the Company's loan policies must be made in accordance with the limitations set out in each policy. Typically, the exception authority ranges from the Chief Lending Officer to the Board of Directors, depending on the size and type of loan involved.

Loans collateralized by commercial real estate mortgages generally are larger than residential loans and involve a greater degree of risk. Commercial real estate mortgage loans often involve large loan balances to single borrowers or groups of related borrowers. Payments on these loans depend to a large degree on the results of operations and management of the properties or underlying businesses, and may be affected to a greater extent by adverse conditions in the real estate market or the economy in general. Accordingly, commercial real estate mortgage loans require active management, to monitor and evaluate performance during the life cycle of the loan. In response to the current environment, the Company is monitoring the repricing risk of the portfolio through quarterly reporting. In addition, the individual loan is stress tested at origination and through the annual review process.

Consumer Loans. The Company's consumer loans consist of direct loans on new and used automobiles, personal loans (either secured or unsecured), home equity loans, and other consumer installment loans (consisting of passbook loans, unsecured home improvement loans, recreational vehicle loans, and deposit account overdrafts). Consumer loans (other than home equity loans and deposit account overdrafts) are originated at fixed rates with terms to maturity of one to five years.

Consumer loans generally have shorter terms and higher interest rates than residential mortgage loans. In addition, consumer loans expand the products and services offered by the Company to better meet the financial services needs of its customers. Consumer loans generally are smaller in dollar amount and may involve greater credit risk than residential mortgage loans because of the difference in the underlying collateral. Repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance.

The Company's underwriting procedures for consumer loans include an assessment of the applicant's credit history and an assessment of the applicant's ability to meet existing and proposed debt obligations. Although the applicant's creditworthiness is the primary consideration, the underwriting process also includes a comparison of the value of the collateral to the proposed loan amount. The Company underwrites its consumer loans internally, which the Company believes limits its exposure to credit risks associated with loans underwritten or purchased from brokers and other external sources.

The Company offers fixed and adjustable rate home equity loans that are collateralized by the borrower's residence. Home equity loans are generally underwritten with terms not to exceed 25 years and with a loan to value ratio of 85% when combined with the principal balance of the existing first mortgage loan, when the Company holds the first mortgage. The Company appraises the property collateralizing the loan at the time of the loan application in order to determine the value of the property collateralizing the home equity loans. Home equity loans may have an additional inherent risk if the Company does not hold the first mortgage and these loans are underwritten with an increased interest rate and a lower maximum loan to value ratio of 65%. The Company may stand in a secondary position in the event of collateral liquidation resulting in a greater chance of insufficiency to meet all obligations.

Commercial Loans. The Company also originates commercial loans with terms of up to 20 years at fixed and adjustable rates. The decision to grant a commercial loan depends primarily on the creditworthiness and cash flow of the borrower (and any guarantors) and secondarily on the value of and ability to liquidate the collateral, which may consist of receivables, inventory and equipment. A mortgage may also be taken for additional collateral purposes, but is considered secondary to the other collateral for commercial business loans. The Company generally requires annual financial statements, tax returns and personal guarantees from the commercial borrowers. The Company also generally requires an appraisal of any real estate that collateralizes the loan. The Company's commercial loan portfolio includes loans collateralized by inventory, business assets, fire trucks, other equipment, or real estate.

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

Loan Approval Procedures and Authority. The Board of Directors establishes the lending policies and loan approval limits of the Company. Loan officers generally have the authority to originate mortgage loans, consumer loans and commercial business loans up to amounts established for each lending officer. The Bank established an Officer's Loan Committee, which approves all residential loans and commercial loans greater than $2.5 million and up to $10.0 million. The Board of Directors approves loans that are greater than $10.0 million.

The Board annually approves independent appraisers used by the Company. For larger loans, the Company may require an environmental site assessment to be performed by an independent professional for all non-residential mortgage loans. It is the Company's policy to require hazard insurance on all loans secured by real estate collateral.

Loan Origination Fees and Other Income. In addition to interest earned on loans, the Company receives loan origination fees. Such fees vary with the volume and type of loans and commitments made and purchased, principal repayments, and competitive conditions in the mortgage markets, which in turn respond to the demand and availability of money.

In addition to loan origination fees, the Company also receives other income that consists primarily of deposit account service charges, ATM fees, debit card fees and loan payment late charges. The Company also installs, maintains and services merchant bankcard equipment for local retailers and is paid a percentage of the transactions processed using such equipment.

Participation Loans. The Company has formed relationships with other community banks within our region to participate in and participate out larger commercial loan relationships. By entering a participation in or out agreement with another bank, the Company can obtain the loan relationship while limiting its exposure to credit loss or mitigate a large credit exposure by sharing it with a participant. Management completes its due diligence review and underwriting of all participation loans as if it originated the transaction, and monitors the active servicing of all participation loans.

Loans to One Borrower. Federal savings banks are subject to the same loans to one borrower limits as those applicable to national banks, which under current regulations restrict loans to one borrower to an amount equal to 15% of unimpaired capital and unimpaired surplus on an unsecured basis, and an additional amount equal to 10% of unimpaired capital and unimpaired surplus if the loan is collateralized by readily marketable collateral (generally, financial instruments and bullion, but not real estate).

At June 30, 2024, the largest aggregate amount loaned by the Company to one borrower consisted of eleven commercial mortgages and commercial lines with an outstanding balance of $23.8 million. This loan relationship was performing in accordance with its repayment terms at June 30, 2024.

Securities Activities

Given the Company's portfolio of fixed-rate residential mortgage loans, the Company, and its subsidiary Greene County Commercial Bank, maintain high balances of liquid investments for the purpose of mitigating interest rate risk and meeting collateral requirements for municipal deposits in excess of FDIC insurance limits. The Board of Directors establishes the securities investment policy. This policy dictates that investment decisions will be made based on the safety of the investment, liquidity requirements, potential returns, cash flow targets, and desired risk parameters. In pursuing these objectives, management considers the ability of an investment to provide earnings consistent with factors of quality, maturity, marketability and risk diversification.

The Company's current policies generally limit securities investments to U.S. government and securities of government sponsored enterprises, federal funds sold, municipal bonds, corporate debt obligations, subordinated debt of banks and certain mutual funds. In addition, the Company's policies permit investments in mortgage-backed securities, including securities issued and guaranteed by Fannie Mae, Freddie Mac, and GNMA, and collateralized mortgage obligations issued by these entities. As of June 30, 2024, all mortgage-backed securities including collateralized mortgage obligations were securities of government sponsored enterprises, and no private-label mortgage-backed securities or collateralized mortgage obligations were held in the securities portfolio. The Company's investment in state and political subdivisions securities, generally are municipal obligations that are general obligations supported by the taxing authority of the issuer, and in some cases are insured. The obligations issued by school districts are supported by state aid. Primarily, these investments are issued by municipalities within New York State.

The Company's current securities investment strategy utilizes a risk management approach of diversified investing among three categories: short-, intermediate- and long-term. The emphasis of this approach is to increase overall investment securities yields while managing interest rate risk. The Company will only invest in high quality securities, as determined by management's analysis at the time of purchase. The Company generally does not engage in any balance sheet derivative or hedging investment transactions, such as balance sheet interest rate swaps or caps.

The Company has classified its investments in debt securities as either available-for-sale or held-to-maturity. Securities available-for-sale are reported at fair value, with net unrealized gains and losses reflected in the accumulated other comprehensive income (loss) component of shareholders' equity, net of applicable income taxes. Securities held-to-maturity are those debt securities which management has the intent and the Company has the ability to hold to maturity and balances are reported at amortized cost. The Company does not have trading securities in its portfolio. The Company has equity securities that are reported at fair value, with net unrealized gains and losses reflected in income.

The estimated fair values of debt securities at June 30, 2024 by contractual maturity are set forth in Part II, Item 7 Management's Discussion and Analysis of this Annual Report.

Additional discussion of management's decisions with respect to shifting investments among the various investment portfolios described above and the level of mortgage-backed securities is set forth in Part II, Item 7 Management's Discussion and Analysis of this Annual Report.

Discussion related to the assessment of the portfolio for credit impairment is set forth in Part II, Item 8 Financial Statements and Supplementary Data, Note 1, *Summary of significant accounting policies,* and Note 3, *Securities,* of this Annual Report.

State and Political Subdivision Securities. The Bank and its subsidiary Greene County Commercial Bank purchase state and political subdivision securities in order to: (i) generate positive interest rate spread with minimal administrative expense; (ii) lower credit risk as a result of purchasing general obligations which are subject to the levy of ad valorem taxes within the municipalities jurisdiction; (iii) increase liquidity, (iv) provide low cost funding to the local communities within the Company's market area, and (v) serve as collateral for municipal deposits in excess of FDIC limits. State and political subdivision securities purchased within New York State are exempt from Federal income tax and are zero apportionment for New York State income tax purposes. As a result, the yield on these securities as reported within the financial statements, are lower than would be attained on other investment options. The portfolio consists of either short-term obligations, due within one year, or are serial or statutory installment bonds which require semi-annual or annual payments of principal and interest. Prepayment risk on these securities is low as most of the bonds are non-callable.

Management believes that credit risk on its state and political subdivision securities portfolio is low. Management analyzes each security prior to purchase and closely monitors these securities by obtaining data collected from the New York State Comptroller's office when published annually. Management also reviews any underlying ratings of the securities in its assessment of credit risk.

Mortgage-Backed and Asset-Backed Securities. The Bank and its subsidiary Greene County Commercial Bank purchase mortgage-backed securities in order to: (i) generate positive interest rate spreads with minimal administrative expense; (ii) lower the Company's credit risk as a result of the guarantees provided by Freddie Mac, Fannie Mae, and GNMA or other government sponsored enterprises; and (iii) increase liquidity. Collateralized mortgage obligations ("CMOs") as well as other mortgage-backed securities generally are a type of mortgage-backed bond secured by the cash flow of a pool of mortgages. CMOs have regular principal and interest payments made by borrowers separated into different payment streams, creating several bonds that repay invested principal at different rates. The CMO bond may pay the investor at a different rate than the underlying mortgage pool. Often bonds classified as mortgage-backed securities are considered pass-through securities and payments include principal and interest in a manner that makes them self-amortizing. As a result there is no final lump-sum payment at maturity. The Company does not invest in private label mortgage-backed securities due to the potential for a higher level of credit risk.

The pooling of mortgages and the issuance of a security with an interest rate that is based on the interest rates of the underlying mortgages creates mortgage-backed securities. Mortgage-backed securities typically represent a participation interest in a pool of single-family or multi-family mortgages. The issuers of such securities (generally U.S. government sponsored enterprises, including Fannie Mae, Freddie Mac and GNMA) pool and resell the participation interests in the form of securities to investors, such as the Company, and guarantee the payment of principal and interest to these investors. Mortgage-backed securities generally yield less than the underlying loans because of the cost of payment guarantees and credit enhancements. In addition, mortgage-backed securities are usually more liquid than individual mortgage loans and may be used to collateralize certain liabilities and obligations of the Company and its subsidiary the Commercial Bank.

Investments in mortgage-backed securities involve a risk that actual prepayments will be greater than estimated over the life of the security, which may require adjustments to the amortization of any premium or accretion of any discount relating to such instruments thereby altering the net yield on such securities. There is also reinvestment risk associated with the cash flows from such securities or in the event such securities are prepaid. In addition, the market value of such securities may be adversely affected by changes in interest rates. The Company has attempted to mitigate credit risk by limiting purchases of mortgage-backed securities to those offered by various government sponsored enterprises.

Management reviews prepayment estimates periodically to ensure that prepayment assumptions are reasonable considering the underlying collateral for the securities at issue and current interest rates and to determine the yield and estimated maturity of Company's mortgage-backed securities portfolio. However, the actual maturity of a security may be less than its stated maturity due to prepayments of the underlying mortgages. Prepayments that are faster than anticipated may shorten the life of the security and thereby reduce the net yield on such securities. Although prepayments of underlying mortgages depend on many factors, the difference between the interest rates on the underlying mortgages and the prevailing mortgage interest rates generally is the most significant determinant of the rate of prepayments. During periods of declining mortgage interest rates, refinancing generally increases and accelerates the prepayment of the underlying mortgages and the related security. Under such circumstances, the Company may be subject to reinvestment risk because, to the extent that securities prepay faster than anticipated, the Company may not be able to reinvest the proceeds of such repayments and prepayments at a comparable rate of return. Conversely, in a rising interest rate environment, prepayments may decline, thereby extending the estimated life of the security and depriving the Company of the ability to reinvest cash flows at the increased rates of interest.

Asset-backed securities are a type of debt security collateralized by various loans and assets including: automobile loans, equipment leases, credit card receivables, home equity and improvement loans, manufactured housing, student loans and other consumer loans. In the case of the Company, there are no asset-backed securities in the portfolio at June 30, 2024.

Sources of Funds

General. Deposits, repayments and prepayments of loans and securities, proceeds from sales of securities, and proceeds from maturing securities and cash flows from operations are the primary sources of the Company's funds for use in lending, investing and for other general purposes. The Company also has several borrowing facilities available to provide additional liquidity as needed.

Deposits. The Company offers a variety of deposit accounts with a range of interest rates and terms. The Company's deposit accounts consist of savings, NOW accounts, money market accounts, certificates of deposit, noninterest-bearing checking accounts and Individual Retirement Accounts (IRAs).

Deposit flows are influenced significantly by general economic conditions, changes in prevailing interest rates and competition. The diversity of deposit accounts offered allows the Company to be competitive in obtaining funds and responding to changes in consumer demand. Deposits are obtained predominantly from the areas in which the Company's branch offices are located. The Company relies primarily on competitive pricing of its deposit products, customer service, and long-standing relationships with customers to attract and retain these deposits. However, market interest rates and rates offered by competing financial institutions significantly affect the Company's ability to attract and retain deposits. The Company uses traditional means of advertising its deposit products, including radio, television, print and social media. While the Company accepts certificates of deposit in excess of $250,000, they are not subject to preferential rates. The Company does not actively solicit such deposits, as they are more difficult to retain than core deposits.

In efforts to enhance strong levels of liquidity and to fund loan demand, the Bank and the Commercial Bank (the "Banks") accepts brokered deposits, generally in denominations of less than $250,000, from national brokerage networks, custodial deposit networks or through IntraFi's one-way CDARS and ICS products, including IntraFi's Insured Network Deposits ("IND"). Additionally, both Banks participate in the IntraFi Network, LLC ("IntraFi") reciprocal ("two-way") Certificate of Deposit Account Registry Service ("CDARS") and its Insured Cash Sweep ("ICS") program, both of which function to assure full FDIC insurance for participating Bank customers.

The Commercial Bank's purpose is to attract deposits from local municipalities. The Commercial Bank had $1.0 billion in deposits at June 30, 2024.

Borrowed Funds. The Company maintains borrowing arrangements in the form of lines of credit through the Federal Home Loan Bank of New York ("FHLB"), the Federal Reserve Bank of New York ("FRB"), Atlantic Community Bankers Bank ("ACBB"), as well as three other depository institutions. The Company may also obtain term borrowings from the FHLB and FRB. With the exception of the line of credit with ACBB, and the other depository institution, these borrowing arrangements are secured by mortgage loans, commercial loans or investment securities. The Company has an Irrevocable Letter of Credit Reimbursement Agreement with the FHLB, whereby upon the Bank's request, on behalf of the Commercial Bank, an irrevocable letter of credit is issued to secure municipal transactional deposit accounts. These letters of credit are secured by residential mortgage and commercial real estate loans. The amount of funds available to the Company through the FHLB line of credit is reduced by any letters of credit outstanding.

Subordinated Debt. The Company has issued subordinated notes as a cost effective way to raise regulatory capital. The Company's outstanding subordinated debt consisted of fixed-to-floating rate subordinated notes with call features, issued in September 2020 and 2021, due September 2030 and 2031, respectively.

Additional discussion related to borrowings is set forth in Part II, Item 7 Management's Discussion and Analysis and in Part II, Item 8 Financial Statements and Supplementary Data, Note 7 *Borrowings* of this Annual Report.

Personnel

As of June 30, 2024, The Bank of Greene County had 189 full-time employees and 20 part-time employees. Neither Greene County Bancorp, Inc., nor Greene County Commercial Bank has any employees who are not also employees of The Bank of Greene County. A collective bargaining group does not represent the employees, and The Bank of Greene County considers its relationship with its employees to be good.

Diversity, Equality and Inclusion. The Company believes diversity, equality and inclusion is critical to its growth and success. The Company's commitment to diversity, equality and inclusion starts with senior management, who works to ensure that diversity, equality and inclusion is integrated into the way the Company does business. Meeting the diverse needs of our customers is key to the Company's long-term success, and having a workforce with diverse backgrounds and experiences better helps our customers and communities that we serve to achieve their financial goals.

The Company has established a diversity, equality and inclusion group, which serves as a platform comprised of senior management and other bank employees to shape the strategy and actions of the Company's diversity, equality and inclusion efforts.

Information

The Securities and Exchange Commission maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding the Company. The Company makes available free of charge through the Bank's website (www.tbogc.com) the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission: our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

FEDERAL AND STATE TAXATION

Federal Taxation

General. Greene County Bancorp, Inc., The Bank of Greene County, and Greene County Commercial Bank are subject to federal income taxation in the same general manner as other corporations, with some exceptions discussed below. The following discussion of federal taxation is intended only to summarize certain pertinent federal income tax matters and is not a comprehensive description of the tax rules applicable to these entities.

Method of Accounting. For federal income tax purposes, Greene County Bancorp, Inc., The Bank of Greene County, and Greene County Commercial Bank currently report income and expenses on the accrual method of accounting and use a tax year ending June 30 for filing consolidated federal income tax returns.

Taxable Distributions and Recapture. At June 30, 2024, the Bank had an unrecaptured pre-1988 Federal bad debt reserve of approximately $1.8 million for which no Federal income tax provision has been made. A deferred tax liability has not been provided on this amount as management does not intend to redeem stock, make distributions or take other actions that would result in recapture of the reserve.

Corporate Dividends-Received Deduction. Greene County Bancorp, MHC owns less than 80% of the outstanding common stock of Greene County Bancorp, Inc. Therefore, Greene County Bancorp, MHC is not permitted to join in the consolidated federal income tax return with Greene County Bancorp, Inc., The Bank of Greene County and Greene County Commercial Bank. Consequently, Greene County Bancorp, MHC is only eligible for a 65% dividends-received deduction in respect of dividends from Greene County Bancorp, Inc.

State Taxation

Greene County Bancorp, MHC, Greene County Bancorp, Inc., The Bank of Greene County, Greene County Commercial Bank, and Greene Property Holdings, Ltd. report income on a combined fiscal year basis to New York State. The New York State franchise tax is imposed in an amount equal to the greater of 7.25% of Business Income, 0.1875% of average Business Capital or a fixed dollar amount based on New York sourced gross receipts. All intercompany dividend distributions are eliminated in the calculation of Combined Business Income.

REGULATION

General

The Company's two banking subsidiaries are The Bank of Greene County which is a federally chartered savings bank and Greene County Commercial Bank which is a New York-chartered bank. The Federal Deposit Insurance Corporation ("FDIC") through the Deposit Insurance Fund ("DIF") insures their deposit accounts up to applicable limits. The Bank of Greene County and Greene County Commercial Bank are subject to extensive regulation by the Office of the Comptroller of the Currency ("OCC") and the New York State Department of Financial Services (the "Department"), respectively, as their chartering agencies, and by the FDIC, as their deposit insurer. The Bank of Greene County and Greene County Commercial Bank are required to file reports with, and are periodically examined by the OCC and the Department, respectively, as well as the FDIC concerning their activities and financial condition, and must obtain regulatory approvals prior to entering into certain transactions, including, but not limited to, mergers with or acquisitions of other banking institutions. The Bank of Greene County is a member of the FHLB of New York and is subject to certain regulations by the Federal Home Loan Bank System. Both Greene County Bancorp, Inc. and Greene County Bancorp, MHC, as savings and loan holding companies, are subject to regulation and examination by the Federal Reserve Board ("FRB") and are required to file reports with the FRB.

Any future laws or regulations, whether enacted by Congress or implemented by the FDIC, the OCC, the Department or the FRB, could have a material adverse impact on Greene County Bancorp, MHC, Greene County Bancorp, Inc., The Bank of Greene County, or Greene County Commercial Bank.

Certain of the regulatory requirements applicable to Greene County Bancorp, MHC, Greene County Bancorp, Inc., The Bank of Greene County and Greene County Commercial Bank are referred to below or elsewhere herein.

Federal Banking Regulation

Business Activities. A federal savings association derives its lending and investment powers from the Home Owners' Loan Act, as amended, and federal regulations issued thereunder. Under these laws and regulations, The Bank of Greene County may invest in mortgage loans secured by residential real estate without limitations as a percentage of assets and non-residential real estate loans which may not in the aggregate exceed 400% of capital, commercial business loans up to 20% of assets in the aggregate and consumer loans up to 35% of assets in the aggregate, certain types of debt securities and certain other assets. The Bank of Greene County also may establish subsidiaries that may engage in activities not otherwise permissible for The Bank of Greene County, including real estate investment and securities and insurance brokerage.

Examinations and Assessments. The Bank of Greene County is primarily supervised by the OCC, and as such is required to file reports with and is subject to periodic examination by the OCC. The Bank of Greene County also is required to pay assessments to the OCC to fund the agency's operations.

Capital Requirements. Federal regulations require FDIC-insured depository institutions, including federal savings associations, to meet several minimum capital standards: a Common Equity Tier 1 capital to total risk-weighted assets ratio, a Tier 1 capital to total risk-weighted assets ratio, a total capital to total risk-weighted assets and a leverage ratio of Tier 1 capital to total consolidated assets.

The capital standards require the maintenance of common equity Tier 1 capital, Tier 1 capital and Total capital to risk-weighted assets of at least 4.5%, 6% and 8%, respectively. The regulations also establish a minimum required leverage ratio of at least 4% Tier 1 capital. Common equity Tier 1 capital is generally defined as common stockholders' equity, including retained earnings but excluding accumulated other comprehensive income. Tier 1 capital is generally defined as common equity Tier 1 capital and Additional Tier 1 capital. Additional Tier 1 capital generally includes certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries. Total capital includes Tier 1 capital (common equity Tier 1 capital plus Additional Tier 1 capital) and Tier 2 capital. Tier 2 capital is comprised of capital instruments and related surplus meeting specified requirements, and may include cumulative preferred stock and long-term perpetual preferred stock, mandatory convertible securities, intermediate preferred stock and subordinated debt. Also included in Tier 2 capital is the allowance for credit losses limited to a maximum of 1.25% of risk-weighted assets and, for institutions that have exercised an opt-out election regarding the treatment of Accumulated Other Comprehensive Income ("AOCI"), up to 45% of net unrealized gains on equity securities available-for-sale with readily determinable fair market values. Institutions that have not exercised the AOCI opt-out have AOCI incorporated into common equity Tier 1 capital (including unrealized gains and losses on securities available-for-sale). The Bank of Greene County and Greene County Commercial Bank have exercised this one-time opt-out and therefore do not include AOCI in their regulatory capital determinations. Calculation of all types of regulatory capital is subject to deductions and adjustments specified in the regulations. On April 9, 2020, the FRB, the OCC, and the FDIC issued an interim final rule ("IFR") to allow banking organizations to exclude from regulatory capital measures any exposures pledged as collateral for a non-recourse loan from the FRB.

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, an institution's assets, including certain off-balance sheet assets (*e.g.*, recourse obligations, direct credit substitutes, residual interests), are multiplied by a risk weight factor assigned by the regulations based on the risk deemed inherent in the type of asset. Higher levels of capital are required for asset categories believed to present greater risk. For example, a risk weight of 0% is assigned to cash and U.S. government securities, a risk weight of 50% is generally assigned to prudently underwritten first lien one-to four-family residential mortgages, a risk weight of 100% is assigned to commercial and consumer loans, a risk weight of 150% is assigned to certain past due loans and a risk weight of between 0% to 600% is assigned to permissible equity interests, depending on certain specified factors.

In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets above the amount necessary to meet its minimum risk-based capital requirements.

Federal law requires the federal banking agencies, including the OCC, to establish for institutions with assets of less than $10 billion a "community bank leverage ratio" between 8% to 10%. Institutions with capital complying with the ratio and otherwise meeting the specified requirements (including off-balance sheet exposures of 25% or less of total assets and trading assets and liabilities of 5% or less of total assets) and electing the alternative framework are considered to comply with the applicable regulatory capital requirements, including the risk-based requirements.

The community bank leverage ratio was established at 9% Tier 1 capital to total average assets, effective January 1, 2020. A qualifying institution may opt in and out of the community bank leverage ratio framework on its quarterly call report. An institution that temporarily ceases to meet any qualifying criteria is provided with a two-quarter grace period to again achieve compliance. Failure to meet the qualifying criteria within the grace period or maintain a leverage ratio of 8% or greater requires the institution to comply with the generally applicable capital requirements.

Although the Bank is a qualifying community bank organization, the Bank has elected not to opt into the community bank leverage ratio framework at this time and will continue to follow Basel capital requirements as described above.

Prompt Corrective Action. Pursuant to Section 38 of the FDIA, the OCC is required to take "prompt corrective action" ("PCA") should an insured depository institution fail to meet certain capital adequacy standards. To be "well capitalized" an insured depository institution must have a total risk-based capital ratio of at least 10%, a Tier 1 risk-based capital ratio of at least 8%, a common equity Tier 1 risk based capital ratio of at least 6.5%, and a Tier 1 leverage ratio of at least 5%; adequately capitalized, an insured depository institution must have a total risk based capital ratio of at least 8%, a Tier 1 risk based capital ratio of at least 6%, a common equity Tier 1 risk based capital ratio of at least 4.5%, and a Tier 1 leverage ratio of at least 4%; undercapitalized, an insured depository institution would have a total risk based capital ratio of less than 8%, a Tier 1 risk based capital ratio of less than 6%, a common equity Tier 1 risk based capital ratio of less than 4.5%, and a Tier 1 leverage ratio of less than 4%; significantly undercapitalized, an insured depository institution would have a total risk based capital ratio of less than 6%, a Tier 1 risk based capital ratio of less than 4%, a common equity Tier 1 risk based capital ratio of less than 3%, and a Tier 1 leverage ratio of less than 3%.

Generally, the OCC is required to appoint a receiver or conservator for a federal savings association that becomes "critically undercapitalized" within specific time frames. The regulations also provide that a capital restoration plan must be filed with the OCC within 45 days of the date that a federal savings association is deemed to have received notice that it is "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Any holding company of a federal savings association that is required to submit a capital restoration plan must guarantee performance under the plan in an amount of up to the lesser of 5.0% of the savings association's assets at the time it was deemed to be undercapitalized by the OCC or the amount necessary to restore the savings association to adequately capitalized status. This guarantee remains in place until the OCC notifies the savings association that it has maintained adequately capitalized status for each of four consecutive calendar quarters. Institutions that are undercapitalized become subject to certain mandatory measures such as restrictions on capital distributions and asset growth. The OCC may also take any one of a number of discretionary supervisory actions against undercapitalized federal savings associations, including the issuance of a capital directive and the replacement of senior executive officers and directors.

At June 30, 2024, The Bank of Greene County met the criteria for being considered "well capitalized," which means that its total risk-based capital ratio exceeded 10%, its Tier 1 risk-based ratio exceeded 8.0%, its common equity Tier 1 ratio exceeded 6.5% and its leverage ratio exceeded 5.0%.

Loans-to-One Borrower. A federal savings association generally may not make a loan or extend credit to a single or related group of borrowers in excess of 15% of unimpaired capital and surplus. An additional amount may be loaned, equal to 10% of unimpaired capital and surplus, if the loan is secured by readily marketable collateral, which generally does not include real estate. As of June 30, 2024, The Bank of Greene County was in compliance with the loans-to-one borrower limitations.

Qualified Thrift Lender Requirement. As a federal savings association, the Bank must satisfy the qualified thrift lender, or "QTL", requirement by meeting one of two tests: the Home Owners' Loan Act ("HOLA") QTL test or the Internal Revenue Service (IRS) Domestic Building and Loan Association (DBLA) test. The federal savings association may use either test to qualify and may switch from one test to the other.

Under the HOLA QTL test, the Bank must maintain at least 65% of its "portfolio assets" in "qualified thrift investments" in at least nine of the most recent 12-month period. "Portfolio assets" generally means total assets of a savings institution, less the sum of specified liquid assets up to 20% of total assets, goodwill and other intangible assets, and the value of property used in the conduct of the savings association's business.

"Qualified thrift investments" include various types of loans made for residential and housing purposes, investments related to such purposes, including certain mortgage-backed and related securities, and loans for personal, family, household and certain other purposes up to a limit of 20% of portfolio assets. "Qualified thrift investments" also include 100% of an institution's credit card loans, education loans and small business loans. The Bank also may satisfy the QTL test by qualifying as a "domestic building and loan association" as defined in the Internal Revenue Code.

Under the IRS DBLA test, a savings association must meet the business operations test and the 60% of assets test. The business operations test requires that the federal savings association's business consists primarily of acquiring the savings of the public (75% of its deposits, withdrawable shares, and other obligations must be held by the general public) and investing in loans (more than 75% of its gross income consists of interest on loans and government obligations and various other specified types of operating income that federal savings associations ordinarily earn). For the 60% of assets test, a savings association must maintain at least 60% of its total in "qualified investments" as of the close of the taxable year or, at the option of the taxpayer, may be computed on the basis of the average assets outstanding during the taxable year.

A savings association that fails the qualified thrift lender test must either convert to a bank charter or operate under specified restrictions. The Bank utilized the IRS DBLA test and satisfied the requirements of this test at and for the years ended June 30, 2024 and 2023.

Capital Distributions. Federal regulations govern capital distributions by a federal savings association, which include cash dividends, stock repurchases and other transactions charged to the capital account. A savings association must file an application for approval of a capital distribution if:

- the total capital distributions for the applicable calendar year exceed the sum of the association's net income for that year to date plus the association's retained net income for the preceding two years;
- the association would not be at least adequately capitalized following the distribution;
- the distribution would violate any applicable statute, regulation, agreement or OCC-imposed condition; or
- the association is not eligible for expedited treatment of its filings.

Even if an application is not otherwise required, every savings association that is a subsidiary of a holding company must still file a notice with the OCC at least 30 days before its board of directors declares a dividend or approves a capital distribution.

The OCC may disapprove a notice or application if:

- the association would be undercapitalized following the distribution;
- the proposed capital distribution raises safety and soundness concerns; or
- the capital distribution would violate a prohibition contained in any statute, regulation or agreement.

In addition, the Federal Deposit Insurance Act provides that an insured depository institution shall not make any capital distribution, if after making such distribution the institution would be undercapitalized.

Liquidity. A federal savings association is required to maintain a sufficient amount of liquid assets to ensure its safe and sound operation.

Discussion regarding liquidity is set forth in Part II, Item 7 Management's Discussion and Analysis, *Liquidity and Capital Resources,* of this Annual Report.

Community Reinvestment Act and Fair Lending Laws. All savings associations have a responsibility under the Community Reinvestment Act and related federal regulations to help meet the credit needs of their communities, including low and moderate income neighborhoods. In connection with its examination of a federal savings association, the OCC is required to assess the association's record of compliance with the Community Reinvestment Act. In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. An association's failure to comply with the provisions of the Community Reinvestment Act could, at a minimum, result in denial of certain corporate applications, such as branches or mergers, or in restrictions on its activities. The failure to comply with the Equal Credit Opportunity Act and the Fair Housing Act could result in enforcement actions by the OCC, as well as other federal regulatory agencies and the Department of Justice. The Bank received a "satisfactory" Community Reinvestment Act rating in its most recent examination.

Privacy Standards. The Bank is subject to FDIC regulations regarding the privacy protection provisions of the Gramm-Leach-Bliley Act and certain state laws containing consumer privacy protection provisions. These regulations require the Bank to disclose its privacy policy, including identifying with whom it shares "non-public personal information" to customers at the time of establishing the customer relationship and annually thereafter. The regulations also require the Bank to provide its customers with initial notices that accurately reflect its privacy policies and practices, to make its privacy policies available to customers through its website, and to provide its customers with the ability to "opt-out" of having the Bank share their non-public personal information with unaffiliated third parties before it can disclose such information, subject to certain exceptions.

Cybersecurity. In additional to the provisions in the Gramm-Leach-Bliley Act relating to data security (discussed below), the Company and its subsidiaries are subject to many federal and state laws, regulations and regulatory interpretations which impose standards and requirements related to cybersecurity. For example, federal regulatory statements regarding cybersecurity indicates that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. Additionally, the statements indicate that a financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber-attack. Financial institutions that fail to observe this regulatory guidance on cybersecurity may be subject to various regulatory sanctions, including financial penalties.

Anti-Money Laundering and OFAC. Under federal law, financial institutions must maintain anti-money laundering programs that include established internal policies, procedures, and controls. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence and customer identification. Financial institutions must take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious transactions. Law enforcement authorities have been granted increased access to financial information maintained by financial institutions. Bank regulators routinely examine institutions for compliance with these obligations and they must consider an institution's compliance in connection with the regulatory review of applications, including applications for banking mergers and acquisitions. The U.S. Department of the Treasury's Office of Foreign Assets Control, or "OFAC," is responsible for helping to insure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and Acts of Congress. OFAC publishes lists of persons, organizations, and countries suspected of aiding, harboring or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. If the Bank finds a name on any transaction, account or wire transfer that is on an OFAC list, the Bank must freeze or block such account or transaction, file a suspicious activity report and notify the appropriate authorities. The U.S. Treasury Department's Financial Crises Enforcement Network ("FinCEN") rules include customer due diligence requirements for banks, including a requirement to identify and verify the identity of beneficial owners of customers that are legal entities, subject to certain exclusions and exemptions.

Transactions with Related Parties. A federal savings association's authority to engage in transactions with its "affiliates" is limited by OCC regulations and by Sections 23A and 23B of the Federal Reserve Act (the "FRA"). The term "affiliates" for these purposes generally means any company that controls, is controlled by, or is under common control with an institution. Greene County Bancorp, Inc. is an affiliate of The Bank of Greene County. In general, transactions with affiliates must be on terms that are as favorable to the association as comparable transactions with non-affiliates. In addition, certain types of these transactions are restricted to an aggregate percentage of the association's capital. Collateral in specified amounts must usually be provided by affiliates in order to receive loans from the association. In addition, OCC regulations prohibit a savings association from lending to any of its affiliates that are engaged in activities that are not permissible for bank holding companies and from purchasing the securities of any affiliate, other than a subsidiary.

The Bank's authority to extend credit to its directors, executive officers and 10% shareholders, as well as to entities controlled by such persons, is currently governed by the requirements of Sections 22(g) and 22(h) of the FRA and Regulation O of the Federal Reserve Board. Among other things, these provisions require that extensions of credit to insiders (i) be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons and that do not involve more than the normal risk of repayment or present other unfavorable features, and (ii) not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the Bank's capital. In addition, extensions of credit in excess of certain limits must be approved by the Bank's Board of Directors.

Enforcement. The OCC has primary enforcement responsibility over federal savings associations and has the authority to bring enforcement action against all "institution-affiliated parties," including stockholders, and attorneys, appraisers and accountants who knowingly or recklessly participate in wrongful action likely to have an adverse effect on an insured institution. Formal enforcement action by the OCC may range from the issuance of a capital directive or cease and desist order, to removal of officers and/or directors of the institution and the appointment of a receiver or conservator. Civil penalties cover a wide range of violations and actions, and range up to $25,000 per day, unless a finding of reckless disregard is made, in which case penalties may be as high as $1 million per day. The Federal Deposit Insurance Corporation also has the authority to terminate deposit insurance or to recommend to the Comptroller of the OCC that enforcement action be taken with respect to a particular savings institution. If action is not taken by the Director, the Federal Deposit Insurance Corporation has authority to take action under specified circumstances.

Standards for Safety and Soundness. Federal law requires each federal banking agency to prescribe certain standards for all insured depository institutions. These standards relate to, among other things, internal controls, information systems and audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, compensation, and other operational and managerial standards as the agency deems appropriate. The federal banking agencies adopted Interagency Guidelines Prescribing Standards for Safety and Soundness to implement the safety and soundness standards required under federal law. The guidelines set forth the safety and soundness standards that the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. The guidelines address internal controls and information systems, internal audit systems, credit underwriting, loan documentation, interest rate risk exposure, asset growth, compensation, fees and benefits. If the appropriate federal banking agency determines that an institution fails to meet any standard prescribed by the guidelines, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard. If an institution fails to meet these standards, the appropriate federal banking agency may require the institution to submit a compliance plan.

Insurance of Deposit Accounts. The Deposit Insurance Fund of the FDIC insures deposits at FDIC-insured financial institutions such as the Bank, generally up to a maximum of $250,000 per separately insured depositor. The FDIC charges insured depository institutions premiums to maintain the Deposit Insurance Fund.

Under the FDIC's risk-based assessment system, institutions deemed less risky of failure pay lower assessments. Assessments for institutions of less than $10 billion of assets are based on financial measures and supervisory ratings derived from statistical modeling estimating the probability of an institution's failure within three years.

The FDIC has authority to increase insurance assessments. Any significant increases would have an adverse effect on the operating expenses and results of operations of the Bank. We cannot predict what assessment rates will be in the future.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not know of any practice, condition or violation that may lead to termination of our deposit insurance.

National Bank Powers Election. Effective July 1, 2019, the OCC issued a final rule, pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act, that permits an eligible federal savings bank with total consolidated assets of $20 billion or less as of December 31, 2017, to elect to operate with national bank powers without converting to a national bank charter. The effect of the so-called “covered savings association” election is that a federal savings association generally has the same rights and privileges, including commercial lending authority, as a national bank that has its main office in the same location as the home office of the covered savings association. The covered savings association is also subject to the same duties, liabilities and limitations applicable to a national bank, some of which are more restrictive than those applicable to federal savings banks. A covered savings association retains its federal savings association charter and continues to be subject to the corporate governance laws and regulations applicable to such associations, including as to its bylaws, board of directors and shareholders, capital distributions and mergers. The Bank has not made such an election.

Prohibitions Against Tying Arrangements. Federal savings associations are prohibited, subject to some exceptions, from extending credit to or offering any other service, or fixing or varying the consideration for such extension of credit or service, on the condition that the customer obtain some additional service from the institution or its affiliates or not obtain services of a competitor of the institution.

Federal Home Loan Bank System. The Bank is a member of the Federal Home Loan Bank System, which consists of 11 regional Federal Home Loan Banks. The Federal Home Loan Bank System provides a central credit facility primarily for member institutions. As a member of the Federal Home Loan Bank of New York, the Bank is required to acquire and hold shares of capital stock in the Federal Home Loan Bank in an amount at least equal to 1% of the aggregate principal amount of its unpaid residential mortgage loans and similar obligations at the beginning of each year, or 1/20 of its borrowings from the Federal Home Loan Bank, whichever is greater. As of June 30, 2024, the Bank was in compliance with this requirement.

Federal Reserve System. The Federal Reserve Board regulations require savings associations to maintain noninterest-earning reserves against their transaction accounts, such as negotiable order of withdrawal and regular checking accounts. In April 2020, due to a change in its approach to monetary policy, the Board of Governors of the Federal Reserve System announced an interim rule to amend Regulation D requirements and reduce reserve requirement ratios to zero. The Federal Reserve Board has indicated that it has no plans to re-impose reserve requirements, but may do so in the future if conditions warrant. At June 30, 2024, the Bank was in compliance with these reserve requirements.

Other Regulations

- Interest and other charges collected or contracted for by the Bank are subject to state usury laws and federal laws concerning interest rates. The Bank’s operations are also subject to federal consumer financial statutes and the regulations promulgated thereunder including, but not limited to: Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Home Ownership and Equity Protection Act, governing consumers from predatory mortgage lending;
- Home Mortgage Disclosure Act (“HMDA”), requiring financial institutions to make available to the public expanded information regarding the pricing of home mortgage loans, including the “rate spread” between the annual percentage rate and the average prime offer rate for mortgage loans of a comparable type;
- Equal Credit Opportunity Act (“ECOA”), prohibiting discrimination in connection with the extension of credit;
- Fair Credit Reporting Act (“FCRA”), governing the use and provision of consumer information to credit reporting agencies;
- Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;
- Truth in Savings Act; and
- rules and regulations of the various federal agencies charged with the responsibility of implementing such federal laws.

The operations of the Bank also are subject to the following, but not limited to:

- Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;
- Electronic Funds Transfer Act and Regulation E promulgated thereunder, which govern automatic deposits to and withdrawals from deposit accounts and customers’ rights and liabilities arising from the use of automated teller machines and other electronic banking services;
- Check Clearing for the 21st Century Act (also known as “Check 21”), which gives “substitute checks,” such as digital check images and copies made from that image, the same legal standing as the original paper check;
- The USA PATRIOT Act, which requires financial institutions to, among other things, establish broadened anti-money laundering compliance programs, and due diligence policies and controls to ensure the detection and reporting of money laundering. Such required compliance programs are intended to supplement existing compliance requirements that also apply to financial institutions under the Bank Secrecy Act (“BSA”), and the Office of Foreign Assets Control (“OFAC”), regulations;
- FCRA’s Red Flags Rule requires financial institutions with covered accounts to develop, implement and administer an identity theft prevention program. This program must include reasonable policies and procedures to detect

suspicious patterns or practices that indicate the possibility of identity theft, such as inconsistencies in personal information or changes in account activity;

- The Gramm-Leach-Bliley Act, which places limitations on the sharing of consumer financial information by financial institutions with unaffiliated third parties. Specifically, the Gramm-Leach-Bliley Act requires all financial institutions offering financial products or services to retail customers to provide such customers with the financial institution's privacy policy and provide such customers the opportunity to "opt out" of the sharing of certain personal financial information with unaffiliated third parties.

Holding Company Regulation

General. Greene County Bancorp, MHC and Greene County Bancorp, Inc. are non-diversified savings and loan holding companies within the meaning of the Home Owners' Loan Act. As such, Greene County Bancorp, MHC and Greene County Bancorp, Inc. are registered with the FRB and are subject to FRB regulations, supervision and reporting requirements. In addition, the FRB has enforcement authority over Greene County Bancorp, Inc.'s and Greene County Bancorp, MHC's non-bank subsidiaries. Among other things, this authority permits the FRB to restrict or prohibit activities that are determined to be a serious risk to the subsidiary savings institution. As federal corporations, Greene County Bancorp, Inc. and Greene County Bancorp, MHC are generally not subject to state business organization laws.

Permitted Activities. Pursuant to Section 10(o) of the Home Owners' Loan Act and federal regulations and policy, a mutual holding company and a federally chartered mid-tier holding company such as Greene County Bancorp, Inc. may engage in the following activities: (i) investing in the stock of a savings association; (ii) acquiring a mutual association through the merger of such association into a savings association subsidiary of such holding company or an interim savings association subsidiary of such holding company; (iii) merging with or acquiring another holding company, one of whose subsidiaries is a savings association; (iv) investing in a corporation, the capital stock of which is available for purchase by a savings association under federal law or under the law of any state where the subsidiary savings association or associations share their home offices; (v) furnishing or performing management services for a savings association subsidiary of such company; (vi) holding, managing or liquidating assets owned or acquired from a savings subsidiary of such company; (vii) holding or managing properties used or occupied by a savings association subsidiary of such company; (viii) acting as trustee under deeds of trust; (ix) any other activity (A) that the Federal Reserve Board, by regulation, has determined to be permissible for bank holding companies under Section 4(c) of the Bank Holding Company Act of 1956, unless the Director of the Federal Reserve Board, by regulation, prohibits or limits any such activity for savings and loan holding companies; or (B) in which multiple savings and loan holding companies were authorized (by regulation) to directly engage on March 5, 1987; (x) any activity permissible for financial holding companies under Section 4(k) of the Bank Holding Company Act, including securities and insurance underwriting; and (xi) purchasing, holding, or disposing of stock acquired in connection with a qualified stock issuance if the purchase of such stock by such savings and loan holding company is approved by the Director. If a mutual holding company acquires or merges with another holding company, the holding company acquired or the holding company resulting from such merger or acquisition may only invest in assets and engage in activities listed in (i) through (xi) above, and has a period of two years to cease any nonconforming activities and divest any nonconforming investments.

The Home Owners' Loan Act prohibits a savings and loan holding company, including Greene County Bancorp, Inc. and Greene County Bancorp, MHC, directly or indirectly, or through one or more subsidiaries, from acquiring more than 5% of another savings institution or holding company thereof, without prior written approval of the FRB. It also prohibits the acquisition or retention of, with certain exceptions, more than 5% of a non-subsidiary company engaged in activities other than those permitted by the Home Owners' Loan Act, or acquiring or retaining control of an institution that is not federally insured. In evaluating applications by holding companies to acquire savings institutions, the FRB must consider the financial and managerial resources, future prospects of the company and institution involved, the effect of the acquisition on the risk to the federal deposit insurance fund, the convenience and needs of the community and competitive factors.

The FRB is prohibited from approving any acquisition that would result in a multiple savings and loan holding company controlling savings institutions in more than one state, subject to two exceptions: (i) the approval of interstate supervisory acquisitions by savings and loan holding companies; and (ii) the acquisition of a savings institution in another state if the laws of the state of the target savings institution specifically permit such acquisitions. The states vary in the extent to which they permit interstate savings and loan holding company acquisitions.

Capital. The Dodd-Frank Act required the FRB to establish minimum consolidated capital requirements for all depository institution holding companies that are as stringent as those required for the insured depository subsidiaries. However, savings and loan holding companies with under $3 billion in consolidated assets remain exempt from consolidated regulatory capital requirements, unless the FRB determines otherwise in particular cases.

Dividends. The FRB has issued a policy statement regarding the payment of dividends by bank holding companies that applies to savings and loan holding companies as well. In general, the FRB's policies provide that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. FRB guidance provides for prior regulatory review of capital distributions in certain circumstances such as where the company's net income for the past four quarters, net of dividends previously paid over that period, is insufficient to fully fund the dividend or the company's overall rate of earnings retention is inconsistent with the company's capital needs and overall financial condition. The ability of a holding company to pay dividends may be restricted if a subsidiary bank becomes undercapitalized. These regulatory policies could affect the ability of Greene County Bancorp, Inc. to pay dividends or otherwise engage in capital distributions.

Source of Strength. The Dodd-Frank Act extended the "source of strength" doctrine to savings and loan holding companies. The regulatory agencies must issue regulations requiring that all bank and savings and loan holding companies serve as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial stress.

Waivers of Dividends by Greene County Bancorp, MHC. Federal regulations require Greene County Bancorp, MHC to notify the FRB of any proposed waiver of its receipt of dividends from Greene County Bancorp, Inc. The Office of Thrift Supervision, the previous regulator for Greene County Bancorp, MHC, allowed dividend waivers where the mutual holding company's board of directors determined that the waiver was consistent with its fiduciary duties and the waiver would not be detrimental to the safety and soundness of the institution. The FRB has issued an interim final rule providing that, pursuant to a Dodd-Frank Act grandfathering provision, it may not object to dividend waivers under similar circumstances, but adding the requirement that a majority of the mutual holding company's members eligible to vote have approved a waiver of dividends by the company within 12 months prior to the declaration of the dividend being waived. 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 $0.46 per share to be declared by the Company for the four quarters ending June 30, 2024. 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 four quarters subsequent to the approval. Therefore, its ability to waive its right to receive dividends beyond this date cannot be reasonably determined at this time.

Conversion of Greene County Bancorp, MHC to Stock Form. Federal regulations permit Greene County Bancorp, MHC to convert from the mutual form of organization to the capital stock form of organization (a "Conversion Transaction"). There can be no assurance when, if ever, a Conversion Transaction will occur, and the Board of Directors has no current intention or plan to undertake a Conversion Transaction. In a Conversion Transaction a new stock holding company would be formed as the successor to Greene County Bancorp, Inc. (the "New Holding Company"), Greene County Bancorp, MHC's corporate existence would end, and certain depositors of The Bank of Greene County would receive the right to subscribe for additional shares of the New Holding Company. In a Conversion Transaction, each share of common stock held by stockholders other than Greene County Bancorp, MHC ("Minority Stockholders") would be automatically converted into a number of shares of common stock of the New Holding Company determined pursuant to an exchange ratio that ensures that Minority Stockholders own the same percentage of common stock in the New Holding Company as they owned in Greene County Bancorp, Inc. immediately prior to the Conversion Transaction. Under a provision of the Dodd-Frank Act applicable to Greene County Bancorp, MHC, Minority Stockholders would not be diluted because of any dividends waived by Greene County Bancorp, MHC (and waived dividends would not be considered in determining an appropriate exchange ratio), in the event Greene County Bancorp, MHC converts to stock form.

Commercial Bank Regulation

Our commercial bank subsidiary, Greene County Commercial Bank, derives its authority primarily from the applicable provisions of the New York Banking Law and the regulations adopted under that law. The Commercial Bank is limited in its investments and the activities that it may engage in to those permissible under applicable state law and those permissible for national banks and their subsidiaries, unless those investments and activities are specifically permitted by the Federal Deposit Insurance Act or the FDIC determines that the activity or investment would pose no significant risk to the deposit insurance fund. We limit our commercial bank activities to accepting municipal deposits and acquiring municipal and other securities.

Under New York Banking Law, our commercial bank is not permitted to declare, credit or pay any dividends if its capital stock is impaired or would be impaired as a result of the dividend. In addition, the New York Banking Law provides that our commercial bank cannot declare or pay dividends in any calendar year in excess of "net profits" for such year combined with "retained net profits" of the two preceding years, less any required transfer to surplus or a fund for the retirement of preferred stock, without prior regulatory approval.

Our commercial bank is subject to minimum capital requirements imposed by the FDIC that are substantially similar to the capital requirements imposed on The Bank of Greene County, discussed above. Capital requirements higher than the generally applicable minimum requirements may be established for a particular bank if the FDIC determines that a bank's capital is, or may become, inadequate in view of the bank's particular circumstances. Failure to meet capital guidelines could subject a bank to a variety of enforcement actions, including actions under the FDIC's prompt corrective action regulations.

At June 30, 2024, the Commercial Bank met the criteria for being considered "well-capitalized."

Federal Securities Laws

Greene County Bancorp, Inc. common stock is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934. Greene County Bancorp, Inc. is subject to the information, reporting, proxy solicitation, insider trading restrictions and other requirements under the Securities Exchange Act of 1934.

Greene County Bancorp, Inc. common stock held by persons who are affiliates (generally officers, directors and principal shareholders) of Greene County Bancorp, Inc. may not be resold without registration or unless sold in accordance with certain resale restrictions. If Greene County Bancorp, Inc. meets specified current public information requirements, each affiliate of Greene County Bancorp, Inc. is able to sell in the public market, without registration, a limited number of shares in any three-month period.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 is intended to improve corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. We have policies, procedures and systems designed to comply with these regulations, and we review and document such policies, procedures and systems to ensure continued compliance with these regulations.

Reports to Security Holders

Greene County Bancorp, Inc. files annual, quarterly and current reports with the SEC on Forms 10-K, 10-Q and 8-K, respectively. Greene County Bancorp, Inc. also files proxy materials with the SEC.

The public may read and copy any materials filed by Greene County Bancorp, Inc. with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Greene County Bancorp, Inc. is an electronic filer. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the site is https://www.sec.gov.

ITEM 1A. Risk Factors

Not applicable to smaller reporting companies.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Risk Management and Strategy Overall Process

The Company regards information and data as valuable assets. As a result, safeguards implemented protect corporate informational and data assets. Associated and established technology resources maintain the integrity, availability, and privacy of confidential information of the respective assets. Additionally, we maintain a similar risk-based approach to our third-party vendors including identifying and overseeing cybersecurity risks they present.

The Company employs comprehensive methodologies for risk assessment and diligently identifies and evaluates potential cybersecurity threats and vulnerabilities across our systems, networks and data assets. This process involves regular examinations of emerging threats, conducting penetration tests, vulnerability scanning and thorough analysis of industry-specific risks.

The Company continues to expand investments in information technology security, including continuous end-user training, layered defenses, identifying and protecting critical assets, strengthening monitoring and alerting.

The Company's Information Security Officer and Chief Information Officer are responsible for completing additional mandatory training to understand the processes, procedures, and technical requirements for securing information assets across the Company.

The Company has developed an Incident Response Plan to guide its actions in responding to real and suspected information security incidents. This includes unlawful, unauthorized, or unacceptable actions that involve a computer system or a computer network such as Distributed Denial of Service attacks, Corporate Account Takeover schemes, or ransomware. Cybersecurity threats that are identified and deemed material are escalated and communicated directly to the Incident Response Team, in collaboration with relevant information technology personnel, insurance providers, legal counsels and when necessary, external cybersecurity firms specializing in forensic investigations.

The Company sets forth enterprise-wide coordinated responses to identified threats, ensuring timely mitigation and remediation, and facilitating awareness and communication. Tabletop exercises are held regularly at the senior and executive management levels, and annually at the Board of Directors level, to validate roles and responsibilities, and response protocols respective to cybersecurity threats.

Third-party Access

The Company has a fully integrated third-party risk management program to identify, assess, monitor and mitigate risks associated with third-party relationships, including cybersecurity risks. Under the program, risk ratings are assigned to each of the vendors based on an assessment of the vendor and its access to networks, systems, and confidential information. An assessment is conducted on each vendor to identify and measure the risks from cybersecurity threats that could impact our customer's data and our environment. Third parties that have access to our systems or customer data must have appropriate technical and organizational security measures and security control principles based on commercially acceptable security standards, and we require third parties in this class to agree by contract to manage their cybersecurity risks.

Material Cybersecurity Threat Risks

The Company has not experienced any material losses relating to cybersecurity threats or incidents for the year ended June 30, 2024. We are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations or financial condition. Although we have a robust cybersecurity program that is designed to assess, identify, and manage material risks from cybersecurity threats, we cannot provide absolute surety that we have properly identified or mitigated all vulnerabilities or risks of incidents. The Company, and the third parties that the Company engages, are subject to constant and evolving threats of attack and cybersecurity incidents may be more difficult to detect for periods of time. A cybersecurity incident could harm our business strategy, results of operations, financial condition, reputation, and/or subject us to regulatory actions or litigation which may result in fines, judgments or indictments.

Governance

The Board of Directors is acutely aware of the critical nature of managing risks associated with cybersecurity threats. The Board has oversight responsibilities to ensure effective governance in managing these risks because it recognizes the significance of these threats to our operational integrity, shareholder and customer confidence and reputation.

Board of Directors Oversight

The Board is responsible for the oversight of cybersecurity risk management and is composed of members with expertise in risk management, technology, and finance, thereby equipping them to manage and prevent cybersecurity risks effectively.

Management's Role in Managing Risk

The Chief Information Security Officer ("CISO"), and the Chief Information Officer ("CIO"), each play a pivotal role in informing the Board of Directors on cybersecurity risks. They provide comprehensive briefings to both the Board and the Audit Committee as part of managements reporting. These briefings encompass a broad range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reports and issues identified from any cybersecurity events; and
- Compliance with regulatory requirements and industry standards.

In addition to our regularly scheduled Board meetings, the CISO and the CIO regularly communicate regarding emerging or potential cybersecurity risks. They discuss any significant developments in the cybersecurity domain, which when reported to the Board, ensures the Board's oversight is proactive and responsive. The Board actively participates in strategic decisions related to cybersecurity, offering guidance and approval for major initiatives. This involvement ensures that cybersecurity considerations are integrated into the broader strategic objectives of the Company. The Board closely reviews these reports of the Bank's cybersecurity posture and the effectiveness of its risk management strategies prior to approval. This review helps in identifying areas for improvement and ensuring the alignment of cybersecurity efforts with the overall risk management framework.

Cyber Risk Management Personnel

The CISO directly reports to the Chief Administrative Officer ("CAO"). The CISO and CAO meet regularly to discuss both internal and external cybersecurity risks and incidents. The CIO and CAO also regularly meet with the Chief Executive Officer ("CEO") to update and discuss any cybersecurity risks and incidents affecting the Company. This ensures that the highest levels of management are kept abreast of the cybersecurity posture and potential risks facing the Company. Furthermore, all significant cybersecurity matters and strategic risk management decisions are promptly escalated to the Board of Directors, ensuring that they have an up-to-date, comprehensive understanding of and can provide guidance on critical cybersecurity issues.

Primary responsibility for assessing and providing strategic direction to our cybersecurity program resides with our CISO. The CISO experience includes prior leadership roles within the Company, where they developed an expert level of understanding of the intersection between financial regulations and cloud-based technologies. Their in-depth knowledge and experience are instrumental in developing and executing our cybersecurity strategies. The CIO and CISO oversee our governance programs, work with our technology-focused leaders and partners to align security and compliance, and has developed our employee security awareness training program.

Monitoring Cybersecurity Incidents

The CIO and CISO utilize vendor relationships, the Financial Services Information Sharing and Analysis Center and various other internet based daily updates for the latest developments in cybersecurity, including potential threats and innovative risk management techniques. This knowledge is crucial for the effective prevention, detection, mitigation, and remediation of cybersecurity incidents. The CIO provides structure for clear processes to ensure the regular monitoring of our information systems. This includes the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. In the event of a cybersecurity incident, we believe we are equipped with a well-defined Incident Response Plan that is adequately resourced. This plan includes immediate actions to mitigate the impact and long-term strategies for remediation and prevent future incidents.

ITEM 2. Properties

Greene County Bancorp, Inc. and The Bank of Greene County maintain their executive offices at the Administration Center, 302 Main Street, Catskill, New York. The Bank of Greene County has a lending center, operations center, customer call center, and wealth management center, located in Catskill, New York, and a lending center located in Albany, New York. At June 30, 2024, The Bank of Greene County conducted its business through 18 full-service banking offices. The Company owns nine branch offices and lease nine branch offices located within Greene, Columbia, Albany, Ulster and Rensselaer Counties of New York State. Greene County Commercial Bank conducts its business through the branch offices of The Bank of Greene County. In the opinion of management, the physical properties of our holding company and our various subsidiaries are suitable and adequate. For more information on our properties, see Notes 1, 5 and 15 set forth in Part II, Item 8 Financial Statements and Supplementary Data, of this Annual Report.

ITEM 3. Legal Proceedings

The Company, including its subsidiaries, are not currently the subject of any material pending legal proceedings, other than ordinary routine litigation occurring in the normal course of their business. On an ongoing basis, the Company is often the subject of, or a party to, various legal claims by other parties against the Company, by the Company against other parties, or involving the Company, which arise in the normal course of business.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Greene County Bancorp, Inc.'s (the "Company's") common stock is listed on the NASDAQ Capital Market under the symbol "GCBC". As of September 5, 2024 the Company had 422 stockholders of record (excluding the number of persons or entities holding stock in street name through various brokerage firms) and 17,026,828 shares outstanding. As of such date, Greene County Bancorp, MHC (the "MHC"), the Company's mutual holding company, held 9,218,528 shares of common stock, or 54.1% of total shares outstanding. Consequently, shareholders other than the MHC held 7,808,300 shares.

Payment of dividends on the Company's common stock is subject to determination and declaration by the Board of Directors and depends upon a number of factors, including capital requirements, regulatory limitations on the payment of dividends, the Company's results of operations, financial condition, tax considerations and general economic conditions. No assurance can be given that dividends will be declared or, if declared, what the amount of dividends will be, or whether such dividends, once declared, will continue. The Federal Reserve Board has adopted interim final regulations that impose significant conditions and restrictions on the ability of mutual holding companies to waive the receipt of dividends from their subsidiaries. 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 $0.46 per share to be declared by the Company for the four quarters ending June 30, 2024. 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 four quarters subsequent to the approval. Therefore, its ability to waive its right to receive dividends beyond this date cannot be reasonably determined at this time.

On September 17, 2019, the Board of Directors of the Company adopted a stock repurchase program. Under the repurchase program, the Company is authorized to repurchase up to 400,000 shares of its common stock. Repurchases will be made at management's discretion at prices management considers to be attractive and in the best interests of both the Company and its stockholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, and the Company's financial performance. At June 30, 2024, the Company had repurchased 48,800 shares. There were no repurchases during the fiscal year ended June 30, 2024.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is an analysis of the Company's results of operations for years shown and was derived from the audited consolidated financial statements of Greene County Bancorp, Inc. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual 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 annual report, describe future plans or strategies and include Greene County Bancorp, Inc.'s expectations of future financial results. The words "believe," "may," "will," "intend," "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) changes in general economic conditions,
(c) credit risk,
(d) continued period of high inflation could adversely impact customers,
(e) cybersecurity risks,
(f) bank failures,
(g) changes in general business and economic trends,
(h) legislative and regulatory changes,
(i) monetary and fiscal policies of the U.S. Treasury and the Federal Reserve,
(j) changes in the quality or composition of Greene County Bancorp, Inc.'s loan and investment portfolios,
(k) deposit flows,
(l) competition, and
(m) 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.

Selected Financial Data

(Dollars in thousands, except per share amounts)	At or for the years ended June 30, 2024	2023	2022
SELECTED FINANCIAL CONDITION DATA:			
Total assets	$ 2,825,788	$ 2,698,283	$ 2,571,740
Loans receivable, net of allowance for credit loss on loans	1,480,229	1,387,654	1,229,355
Securities available-for-sale, at fair value	350,001	281,133	408,062
Securities held-to-maturity, at amortized cost, net of allowance for credit losses of $483 at June 30, 2024[9]	690,354	726,363	761,852
Equity securities	328	306	273
Deposits	2,389,222	2,437,161	2,212,604
Borrowings	149,456	-	123,700
Shareholders' equity	206,000	183,283	157,714
AVERAGE BALANCES:			
Total assets	2,660,947	2,580,849	2,366,070
Interest-earning assets	2,568,756	2,495,653	2,291,448
Loans receivable, net of allowance for credit loss on loans	1,435,122	1,349,538	1,123,201
Securities, net of allowance for credit loss on securities	1,037,023	1,086,294	1,066,189
Deposits	2,366,053	2,302,167	2,134,584
Borrowings	72,726	82,816	51,193
Shareholders' equity	192,515	169,837	156,098
SELECTED OPERATIONS DATA:			
Total interest income	103,664	84,625	63,444
Total interest expense	52,685	23,407	5,439
Net interest income	50,979	61,218	58,005
Provision (benefit) for credit losses[9]	766	(1,071)	3,278
Net interest income after provision for credit losses[9]	50,213	62,289	54,727
Total noninterest income	13,908	12,146	12,137
Total noninterest expense	37,302	38,608	33,959
Income before provision for income taxes	26,819	35,827	32,905
Provision for income taxes	2,050	5,042	4,919
Net income	24,769	30,785	27,986
FINANCIAL RATIOS:			
Return on average assets[1]	0.93%	1.19%	1.18%
Return on average shareholders' equity[2]	12.87	18.13	17.93
Noninterest expenses to average total assets	1.40	1.50	1.44
Average interest-earning assets to average interest-bearing liabilities	111.77	112.73	114.57
Net interest rate spread[3]	1.75	2.33	2.50
Net interest margin[4]	1.98	2.45	2.53
Efficiency ratio[5]	57.49	52.63	48.41
Shareholders' equity to total assets, at end of period	7.29	6.79	6.13
Average shareholders' equity to average assets	7.23	6.58	6.60
Dividend payout ratio[6]	22.07	15.47	15.85
Actual dividends declared to net income[7]	13.08	7.12	9.41
Non-performing assets to total assets, at end of period	0.13	0.21	0.25
Non-performing loans to net loans, at end of period	0.25	0.39	0.51
Allowance for credit losses on loans to non-performing loans[9]	516.20	388.64	360.31
Allowance for credit losses on loans to total loans receivable[9]	1.28	1.51	1.82
Book value per share[8]	$ 12.10	$ 10.76	$ 9.26
Basic earnings per share	1.45	1.81	1.64
Diluted earnings per share	1.45	1.81	1.64
OTHER DATA:			
Closing market price of common stock	$ 33.71	$ 29.80	$ 22.65
Number of full-service offices	18	18	17
Number of full-time equivalent employees	200	206	198

(1) Ratio of net income to average total assets.

(2) Ratio of net income to average shareholders' equity.

(3) The difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.

(4) Net interest income as a percentage of average interest-earning assets.

(5) Noninterest expense divided by the sum of net interest income and noninterest income.

(6) Dividends per share divided by basic earnings per share. This calculation does not take into account the waiver of dividends by Greene County Bancorp, MHC.

(7) Dividends declared divided by net income.

(8) Shareholders' equity divided by outstanding shares.

(9) The Company adopted the CECL accounting standard effective July 1, 2023. For periods subsequent to adoption, the allowance is calculated under the CECL methodology. The periods prior to adoption, the allowance calculation was based on the incurred loss methodology.

GENERAL

Greene County Bancorp, Inc. (the "Company") is the holding company for The Bank of Greene County (the "Bank"), a community-based bank offering a variety of financial services to meet the needs of the communities it serves. Greene County Bancorp, Inc.'s stock is traded on the NASDAQ Capital Market under the symbol "GCBC." Greene County Bancorp, MHC is a mutual holding company that owns 54.1% of the Company's outstanding common stock. The Bank of Greene County is a federally chartered savings bank. The Bank of Greene County's principal business is attracting deposits from customers within its market area and investing those funds primarily in loans, with excess funds used to invest in securities. At June 30, 2024, The Bank of Greene County operated 18 full-service branches, an administration office, lending centers, an operations center, customer call center, and a wealth management center in New York's Hudson Valley and Capital District Regions of New York State. In June 2004, Greene County Commercial Bank ("Commercial Bank") was opened for the limited purpose of providing financial services to local municipalities. The Commercial Bank is a subsidiary of The Bank of Greene County, and is a New York State-chartered commercial bank. In June 2011, Greene Property Holdings, Ltd. was formed as a New York corporation that has elected under the Internal Revenue Code to be a real estate investment trust. Greene Properties Holding, Ltd. is a subsidiary of The Bank of Greene County. Certain mortgages and notes held by The Bank of Greene County were transferred to and are beneficially owned by Greene Property Holdings, Ltd. The Bank of Greene County continues to service these loans.

Overview of the Company's Activities and Risks

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

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.

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. 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 most significant market risk affecting the Company. It 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 refinancing, 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.

Liquidity risk is the risk the Company may not be able to satisfy current or future financial commitments or may become unduly reliant on alternate funding sources. The Company's objective is to fund balance sheet growth while meeting the cash flow requirements of depositors. Management is responsible for liquidity monitoring and has available different sources of liquidity as requirements and demands change. These demands include loan growth and repayments, security purchases and maturities, deposit inflows and outflows, and payments on borrowings. Management continually monitors trends to identify patterns that might improve the predictability and timing of the Company's liquidity position.

Operational risk is the risk to current or anticipated earnings or capital arising from inadequate or failed internal processes or systems, the misconduct or errors of people, and adverse external events. Operational losses result from internal fraud; external fraud including cybersecurity risks; employment practices and workplace safety, clients, products, and business practices; damage to physical assets; business disruption and system failures; and execution, delivery, and process management.

Critical Accounting Policies

The accounting and reporting policies followed by the Company conform, in all material respects, to accounting principles generally accepted in the United States of America ("GAAP") and to general practices within the financial services industry. In the course of normal business activity, management must select and apply many accounting policies and methodologies and make estimates and assumptions that lead to the financial results presented in the Company's consolidated financial statements and accompanying notes. There are uncertainties inherent in making these estimates and assumptions, which could materially affect the Company's financial condition or results of operations.

Critical accounting estimates as those estimates made in accordance with GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations. The more significant of these policies are summarized in Note 1 to the consolidated financial statements of this Annual Report Form 10-K. Not all significant accounting policies require management to make difficult, subjective or complex judgments. The allowance for credit losses on loans and unfunded commitments policies noted below are deemed the Company's critical accounting estimate.

The allowance for credit losses consists of the allowance for credit losses for loans and unfunded commitments. The measurement of Current Expensed Credit Losses ("CECL") on financial instruments requires an estimate of the credit losses expected over the life of an exposure (or pool of exposures). The estimate of expected credit losses under the CECL approach is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. The Company then considers whether the historical loss experience should be adjusted for asset-specific risk characteristics or current conditions at the reporting date that did not exist over the period from which historical experience was used. Finally, the Company considers forecasts about future economic conditions that are reasonable and supportable. The allowance for credit losses for loans, as reported in our consolidated statements of financial condition, are adjusted by a provision (expense) for credit losses, which is recognized in earnings, and reduced by the charge-off of loans, net of recoveries. The allowance for credit losses on unfunded commitments represents the expected credit losses on off-balance sheet commitments such as unfunded commitments to extend credit and standby letters of credit. However, a liability is not recognized for commitments unconditionally cancellable by the Company. The allowance for credit losses on unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws, and is included in accrued expenses and other liabilities on the Company's consolidated statements of financial condition.

Management of the Company considers the accounting policy relating to the allowance for credit losses to be a critical accounting estimate given the uncertainty in evaluating the level of the allowance required to cover management's estimate of all expected credit losses over the expected contractual life of our loan portfolios. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then-existing loan portfolios, in light of the factors then prevailing, may result in significant changes in the allowance for credit losses in those future periods. While management's current evaluation of the allowance for credit losses indicates that the allowance is appropriate, the allowance may need to be increased under adversely different conditions or assumptions. Going forward, the impact of utilizing the CECL approach to calculate the allowance for credit losses will be significantly influenced by the composition, characteristics and quality of our loan portfolios, as well as the prevailing economic conditions and forecasts utilized. Changes in the national unemployment rate and national GDP could have a material impact on the model's estimation of the allowance. Material changes to these and other relevant factors may result in greater volatility to the allowance for credit losses, and therefore, greater volatility to our reported earnings. This critical accounting policy and its application are periodically reviewed with the Audit Committee and the Board of Directors.

Management's methodology in determining the allowance for credit losses on loans and unfunded commitments can be found in Note 1 to the consolidated financial statements of this Annual Report Form 10-K. The activity in the allowance for credit losses on loans and unfunded commitments is depicted in supporting tables in Note 4 to the consolidated financial statements of this Annual Report Form 10-K.

Management of Credit Risk

Management considers credit risk to be an important risk factor affecting the financial condition and operating results of the Company. The potential for loss associated with this risk factor is managed through a combination of policies approved by the Company's Board of Directors, the monitoring of compliance with these policies, and the periodic reporting and evaluation of loans with problem characteristics. Policies relate to the maximum amount that can be granted to a single borrower and such borrower's related interests, the aggregate amount of loans outstanding by type in relation to total assets and capital, loan concentrations, loan-to-collateral value ratios, approval limits and other underwriting criteria. Policies also exist with respect to the rating of loans, determination of when loans should be placed on a non-performing status and the factors to be considered in establishing the Company's allowance for credit losses. Management also considers credit risk when evaluating potential and current holdings of securities. Credit risk is a critical component in evaluating corporate debt securities. The Company has purchased municipal securities as part of its strategy based on the fact that such securities can offer a higher tax-equivalent yield than other similar investments.

FINANCIAL OVERVIEW

Net income for the year ended June 30, 2024 amounted to $24.8 million, or $1.45 per basic and diluted share, as compared to $30.8 million, or $1.81 per basic and diluted share, for the year ended June 30, 2023, a decrease of $6.0 million, or 19.5%. The decrease in net income was due to an increase of $29.3 million in interest expense partially offset by an increase of $19.0 million in interest income. The provision for credit losses amounted to a charge of $766,000 for the year ended June 30, 2024 and a benefit of $1.1 million for the year ended June 30, 2023. Net interest income decreased $10.2 million when comparing the years ended June 30, 2024 and 2023. The decrease in net interest income resulted from an increase in interest rates paid on interest-bearing liabilities outpacing the interest rates earned on interest-earning assets, offset by interest-earnings assets growing faster than interest-bearing liabilities when comparing the years ended June 30, 2024 and 2023. Growth in interest-earning assets was due to interest bearing bank balances and loans. Growth in loans was primarily in residential and commercial real estate.

Net interest rate spread and margin both decreased when comparing the years ended June 30, 2024 and 2023. Net interest rate spread decreased 58 basis points to 1.75% for the year ended June 30, 2024, compared to 2.33% for the year ended June 30, 2023. Net interest margin decreased 47 basis points to 1.98% for the year ended June 30, 2024, compared to 2.45% for the year ended June 30, 2023. The decrease during the year ended June 30, 2024 was due to the higher interest rate environment, which caused competitive pressure to increase rates paid on deposits, resulting in higher interest expense. This was partially offset by increases in interest income on securities and loans, as they repriced at higher yields and interest rates earned on new balances were higher than the low levels from the prior periods.

Total assets grew $127.5 million, or 4.7%, to $2.8 billion at June 30, 2024 as compared to $2.7 billion at June 30, 2023. Net loans increased $92.6 million, or 6.7%, to $1.5 billion at June 30, 2024 as compared to $1.4 billion at June 30, 2023. Securities classified as available-for-sale and held-to-maturity remained unchanged at $1.0 billion at June 30, 2024 and June 30, 2023. Deposits decreased $47.9 million, or 2.0%, to $2.39 billion at June 30, 2024 as compared to $2.44 billion at June 30, 2023. Total shareholders' equity increased to $206.0 million at June 30, 2024 from $183.3 million at June 30, 2023, resulting primarily from net income of $24.8 million and a decrease in accumulated other comprehensive loss of $1.7 million, partially offset by dividends declared and paid of $3.2 million and the day-one CECL adoption impact of $510,000.

Comparison of Financial Condition as of June 30, 2024 and 2023

CASH AND CASH EQUIVALENTS

Total cash and cash equivalents decreased $6.0 million to $190.4 million at June 30, 2024 from $196.4 million at June 30, 2023. 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. As of June 30, 2024, the Company believes it has maintained a strong liquidity position.

SECURITIES

Securities available-for-sale and held-to-maturity for the Company remained unchanged at $1.0 billion at June 30, 2024 and June 30, 2023. Securities purchases totaled $329.6 million during the year ended June 30, 2024 and consisted primarily of $245.1 million of state and political subdivision securities, $51.1 million of U.S. Treasury securities, $29.8 million of mortgage-backed securities and $3.6 million of corporate debt securities. Principal pay-downs and maturities during the year ended June 30, 2024 amounted to $297.8 million, primarily consisting of $240.4 million of state and political subdivision securities, $37.0 million of U.S. Treasury securities, $17.4 million of mortgage-backed securities, and $2.7 million of collateralized mortgage obligations.

The Company adopted ASU 2016-13 (CECL), including all subsequent amendments, as of July 1, 2023. For periods subsequent to adoption, the allowance for credit losses (ACL) is calculated under the CECL methodology and the resulting provision for credit losses includes expected credit losses on securities held-to-maturity. The periods prior to adoption did not have an allowance for credit losses under applicable Generally Accepted Accounting Principles (GAAP) for those periods.

U.S. Treasury and mortgage-backed securities are issued by U.S. government entities and agencies. These securities are either explicitly and/or implicitly guaranteed by the U.S. government as to timely repayment of principal and interest, are highly rated by major rating agencies, and have a long history of zero credit losses. Therefore, the Company determined a zero credit loss assumption, and did not calculate or record an allowance for credit loss for these securities. An allowance for credit losses on investment securities held-to-maturity has been recorded for certain municipal securities issued by state and political subdivisions and corporate debt securities to account for expected lifetime credit loss using the CECL methodology.

There was no ACL recorded on available-for-sale securities as of either period presented as each of the securities in the portfolio are investment grade, current as to principal and interest and their price changes are consistent with interest and credit spreads when adjusting for convexity, rating, and industry differences.

Securities held-to-maturity are evaluated for credit losses on a quarterly basis under the CECL methodology. At June 30, 2024, the ACL on securities held-to-maturity was $483,000.

The Company holds 59.7% of its securities portfolio at June 30, 2024 in state and political subdivision securities to take advantage of tax savings and to promote the Company'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.

Investment Maturity Schedule

The following table set forth information with regard to contractual maturities of debt securities shown in amortized cost ($) and weighted average yield (%) at June 30, 2024. Weighted-average yields are an arithmetic computation of income not fully tax equivalent ("FTE") adjusted divided by amortized cost. Mortgage-backed securities balances are presented based on final maturity date and do not reflect the expected cash flows from monthly principal repayments. Expected maturities may differ from contractual maturities, because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. No tax-equivalent adjustments were made in calculating the weighted average yield.

(Dollars in thousands)	1 Year or less		1-5 Years		5-10 Years		After 10 Years		Total	
Securities available-for-sale:										
U.S. Treasury securities	$ 24,789	5.40%	$ 18,235	1.22%	$ -	-	$ -	-	$ 43,024	3.63%
U.S. government sponsored enterprises	-	-	4,129	1.30%	8,913	1.31%	-	-	13,042	1.31%
State and political subdivisions	169,800	4.36%	42	1.89%	-	-	-	-	169,842	4.36%
MBS-residential	-	-	226	2.69%	1,862	2.52%	38,314	3.39%	40,402	3.35%
MBS-multi-family	-	-	9,914	2.34%	50,713	1.74%	29,634	1.85%	90,261	1.84%
Corporate debt securities	1,250	2.83%	16,858	3.10%	-	-	1,500	3.03%	19,608	3.08%
Total securities available-for-sale	$ 195,839	4.48%	$ 49,404	2.10%	$ 61,488	1.70%	$ 69,448	2.72%	$ 376,179	3.39%
Securities held-to-maturity:										
U.S. Treasury securities	$ 7,987	2.11%	$ 15,798	1.37%	$ -	-	$ -	-	$ 23,785	1.62%
State and political subdivisions	48,995	2.35%	137,633	2.50%	149,383	2.26%	114,332	2.36%	450,343	2.37%
MBS-residential	-	-	198	3.26%	188	3.50%	47,647	3.60%	48,033	3.60%
MBS-multi-family	9,314	3.19%	53,260	2.53%	76,770	2.08%	4,019	2.25%	143,363	2.33%
Corporate debt securities	-	-	3,000	7.24%	21,782	5.11%	500	7.08%	25,282	5.40%
Other securities	10	8.27%	-	-	2	3.96%	19	4.58%	31	5.74%
Total securities held-to-maturity	$ 66,306	1.95%	$ 209,889	1.96%	$ 248,125	2.06%	$ 166,517	2.17%	$ 690,837	2.05%

LOANS

Net loans receivable increased $92.6 million, or 6.7%, to $1.5 billion at June 30, 2024 from $1.4 billion at June 30, 2023. The loan growth experienced during the year ended consisted primarily of $54.3 million in commercial real estate loans, $26.7 million in residential real estate loans, $6.3 million in home equity loans, $3.3 million in commercial loans, and a $2.0 million decrease in the allowance for credit losses on loans. The Company continues to experience loan growth as a result of continued growth in its customer base and its relationships with other financial institutions in originating loan participations. The Company 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. 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.

Loan Portfolio Composition

The following tables present the composition of the Company's loan portfolio in dollar amounts and percentages as of the dates indicated. The Company adopted ASU 2016-13 (CECL) effective July 1, 2023. Our loan segmentation has been redefined under CECL. Prior year loan tables are presented separately and loan segments presented may not align with how the Company assessed credit risk in the estimate for credit losses under CECL.

	June 30, 2024	
(Dollars in thousands)	Amount	Percent
Residential real estate	$ 417,589	27.85%
Commercial real estate	936,640	62.46
Home equity	29,166	1.95
Consumer	4,771	0.32
Commercial	111,307	7.42
Total gross loans [(1)(2)]	$ 1,499,473	100.00%

(1) Loan balances include net deferred fees/cost of ($42,000) at June 30, 2024.
(2) Loan balances exclude accrued interest receivable of $6.2 million at June 30, 2024, which is included in accrued interest receivable in the consolidated statement of financial condition.

Set forth below is selected information concerning the composition of the Company's loan portfolio in dollar amounts and in percentages (before deductions for deferred fees and costs, unearned discounts and allowances for losses) as of the dates indicated.

	At June 30,							
	2023		2022		2021		2020	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Residential real estate	$ 372,443	26.44 %	$ 360,824	28.82 %	$ 325,167	29.34 %	$ 279,332	27.58%
Residential construction and land	19,072	1.35	15,298	1.22	10,185	0.92	11,847	1.17
Multi-family	66,496	4.72	63,822	5.10	41,951	3.78	25,104	2.48
Commercial real estate	693,436	49.22	595,635	47.57	472,887	42.66	381,415	37.67
Commercial construction	121,958	8.66	83,748	6.69	62,763	5.66	74,920	7.40
Home equity	22,752	1.61	17,877	1.43	18,285	1.65	22,106	2.18
Consumer installment[(1)]	4,612	0.33	4,512	0.36	4,942	0.45	4,817	0.48
Commercial loans	108,022	7.67	110,271	8.81	172,228	15.54	213,119	21.04
Total gross loans[(2)]	$ 1,408,791	100.00 %	$ 1,251,987	100.00 %	$ 1,108,408	100.00 %	$ 1,012,660	100.00%

(1) Includes direct automobile loans (on both new and used automobiles) and personal loans.
(2) The Company adopted CECL July 1, 2023.

The following table presents commercial real estate loans by concentrations:

(Dollars in thousands)	At June 30, 2024 Balance	Percentage of total
Owner occupied:		
Warehouse	$ 32,311	3.5%
Mixed use real estate	30,425	3.2
Retail	18,471	2.0
Office building	18,419	2.0
Firehouse	13,827	1.5
Other	51,730	5.5
Total owner occupied	165,183	17.7
Non-owner occupied:		
Multi-family	233,336	24.9
Construction	108,324	11.6
Retail plaza	88,254	9.4
Mixed use real estate	80,752	8.6
Motel/Hotel	60,221	6.4
Warehouse	56,571	6.0
Office building	55,586	5.9
Other	88,413	9.5
Total non-owner occupied	771,457	82.3
Total commercial real estate	$ 936,640	100.0%

Commercial real estate loans are the largest segment of the Company’s loan portfolio and are comprised of 82.3% in non-owner occupied loans and 17.7% in owner occupied loans. These loans are generally secured by commercial, residential investment or industrial property types. The Company’s commercial real estate loan portfolio generally consists of standalone loans supported by both sufficient cash flows and collateral. On a portfolio basis, the Company’s non-owner occupied commercial real estate loans have a weighted average LTV of approximately 55.4%, and the Company’s owner occupied commercial real estate loans have a weighted average LTV of approximately 50.5%, as of June 30, 2024. The Company’s commercial real estate loans are primarily made within our market area in Greene, Columbia, Albany, Ulster and Rensselaer Counties of New York State. The Company actively monitors economic and credit trends for borrower industries and manages our commercial real estate portfolio concentrations to mitigate its credit risk exposure.

As of June 30, 2024, the Company’s largest commercial real estate concentration was non-owner occupied multi-family loans, at $233.3 million or 24.9% of total commercial real estate loans. Non-owner occupied multi-family loans provide much needed housing for the residents located in our market area, and have historically performed well with strong credit metrics. As of June 30, 2024, the weighted average LTV was approximately 55.8% for the non-owner occupied multi-family loan segment.

As of June 30, 2024, non-owner occupied construction loans were $108.3 million or 11.6% of total commercial real estate loans. Construction loans are typically 12 to 24 months in duration with active monitoring, which may include pre-engineering review and third party site inspections for more complex projects. High volatility commercial real estate loan exposure totaled $1.1 million or 1.0% of the Company’s construction exposure. Construction loans are primarily comprised of approximately 35.5% mixed use real estate, 32.6% multi-family buildings and 13.1% pre-construction and land loans.

The Company’s outstanding balance of non-owner occupied commercial real estate office loans were $55.6 million or 5.9% of total commercial real estate loans as of June 30, 2024. The office loans are primarily low-rise, non-metropolitan buildings, located within our geographic footprint. As of June 30, 2024, the weighted average LTV was approximately 64.8% for the non-owner occupied office loan segment.

Loan Maturity Schedule and Interest Rate Sensitivity

The following table sets forth certain information as of June 30, 2024 regarding the amount of loans maturing or re-pricing in the Company's portfolio. Adjustable-rate loans are included in the period in which interest rates are next scheduled to adjust rather than the period in which they contractually mature and fixed-rate loans are included in the period in which the final contractual repayment is due. Lines of credit with no specified maturity date are included in the category “1 year or less.”

(In thousands)	1 year or less	1-5 years	5-15 years	After 15 years	Total
Fixed rate:					
Residential real estate	$ 3,459	$ 9,731	$ 147,781	$ 80,769	$ 241,740
Commercial real estate	35,000	33,454	186,094	8,952	263,500
Home equity	54	1,619	10,445	-	12,118
Consumer	477	3,741	413	-	4,631
Commercial	5,633	20,875	26,935	161	53,604
Total fixed rate loans	$ 44,623	$ 69,420	$ 371,668	$ 89,882	$ 575,593
Variable rate:					
Residential real estate	$ 39,634	$ 51,617	$ 84,598	$ -	$ 175,849
Commercial real estate	302,795	291,214	79,131	-	673,140
Home equity	17,048	-	-	-	17,048
Consumer	140	-	-	-	140
Commercial	41,344	5,198	11,161	-	57,703
Total variable rate loans	$ 400,961	$ 348,029	$ 174,890	$ -	$ 923,880
Total loan portfolio	$ 445,584	$ 417,449	$ 546,558	$ 89,882	$ 1,499,473

Potential Problem Loans

Management continually identifies, analyzes and monitors the quality of the loan portfolio and has established a loan review process designed to help grading credit risk inherent in the commercial loan portfolio. The credit quality grade helps management make a consistent assessment of each loan relationship's credit risk. Consistent with regulatory guidelines, the Company provides for the classification of loans and other assets considered being of lesser quality. Such ratings coincide with the "Substandard", "Doubtful" and "Loss" classifications used by federal regulators in their examination of financial institutions. Assets that do not currently expose the insured financial institutions to sufficient risk to warrant classification in one of the aforementioned categories but otherwise possess weaknesses are designated "Special Mention." The components of the Company's underwriting and monitoring functions are critical to the timely identification, classification and resolution of problem credits. For further discussion regarding how management determines when a loan should be classified, see Part II, Item 8 Financial Statements and Supplemental Data, Note 4, *Loans and Allowance for Credit Losses on Loans* of this Annual Report.

Non-accrual Loans and Non-performing Assets

Non-performing assets consist of non-accrual loans, loans over 90 days past due and still accruing, other real estate owned that has been acquired in partial or full satisfaction of the loan obligation or upon foreclosure, and nonperforming securities. Effective July 1, 2023, the Company concurrently adopted ASU 2016-13 and ASU 2022-02, which eliminated the troubled debt restructuring accounting guidance while providing for additional disclosures for loan modifications.

Generally, management places loans on non-accrual status once the loans have become 90 days or more delinquent. A non-accrual 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 non-performing and may be placed on nonaccrual when circumstances indicate that the borrower may be unable to meet the contractual principal or interest payments. The threshold for evaluating classified and nonperforming loans specifically evaluated for individual credit loss is $250,000. Foreclosed real estate represents property acquired through foreclosure and is vale lower of the carrying amount or fair value, less any estimated disposal costs. The Company monitors loan modifications made to borrowers experiencing financial difficulty. As of June 30, 2024 there were three loans being monitored under ASU 2022-02 with a total amortized basis of $4.1 million.

Analysis of Non-accrual Loans and Non-performing Assets

The table below details additional information related to non-accrual loans at the date indicated:

(Dollars in thousands)	June 30, 2024
Non-accrual loans:	
Residential real estate	$ 2,518
Commercial real estate	1,163
Home equity	47
Total non-accrual loans	$ 3,728
Total foreclosed real estate	-
Total non-performing assets	$ 3,728
Non-accrual loans to total loans	0.25%
Non-performing loans to total loans	0.25%
Non-performing assets to total assets	0.13%
Allowance for credit losses on loans to non-performing loans	516.20%
Allowance for credit losses on loans to non-accrual loans	516.20%

The following table relates to non-performing loans in prior periods. Non-performing loans are summarized by loan segment which may not align with how the Company assessed credit risk in the estimate for credit losses under CECL.

	At June 30,			
(Dollars in thousands)	2023	2022	2021	2020
Non-accrual loans:				
Residential real estate	$ 2,747	$ 2,948	$ 1,324	$ 2,513
Residential construction and land	-	1	-	-
Multi-family	-	-	-	151
Commercial real estate	1,318	1,269	444	781
Home equity	54	188	237	319
Consumer installment	63	7	-	-
Commercial	1,276	1,904	296	313
Total non-accrual loans	5,458	6,317	2,301	4,077
Foreclosed real estate:				
Residential real estate	-	68	64	-
Commercial loans	302	-	-	-
Total foreclosed real estate	302	68	64	-
Total non-performing assets	$ 5,760	$ 6,385	$ 2,365	$ 4,077
Troubled debt restructuring:				
Non-performing (included above)	$ 2,691	$ 2,707	$ 354	$ 304
Performing (accruing and excluded above)	2,805	2,336	5,050	909
Non-accrual loans to total loans	0.39%	0.50%	0.21%	0.40%
Non-performing loans to total loans	0.39%	0.50%	0.21%	0.40%
Non-performing assets to total assets	0.21%	0.25%	0.11%	0.24%
Allowance for loan losses to non-performing loans	388.64%	360.31%	854.76%	402.04%
Allowance for loan losses to non-accrual loans	388.64%	360.31%	854.76%	402.04%

Effective July 1, 2023, the Company began analyzing loans on an individual basis when management determined that the individual loan no longer exhibited risk characteristics consistent with the risk characteristics existing in its designated pool of loans, under the Company's CECL methodology. This differs from the definition of loans considered to be impaired as of June 30, 2023. Individually analyzed loans at June 30, 2024 totaled $1.4 million compared to impaired loans which totaled $10.3 million at June 30, 2023. Non-performing assets amounted to $3.7 million at June 30, 2024 and $5.8 million at June 30, 2023, respectively.

Loans on non-accrual status totaled $3.7 million at June 30, 2024 of which there were four residential real estate loans totaling $686,000 and three commercial real estate loans totaling $1.6 million in the process of foreclosure. Included in non-accrual loans were $1.5 million of loans which were less than 90 days past due at June 30, 2024, 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. Loans on non-accrual status totaled $5.5 million at June 30, 2023 of which $2.0 million were in the process of foreclosure at that date. At June 30, 2023, there were three residential real estate loans totaling $625,000 and two commercial real estate loan totaling $1.4 million in the process of foreclosure. Included in non-accrual loans were $3.1 million of loans which were less than 90 days past due at June 30, 2023, 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.

In addition to non-performing assets discussed above, the Company has identified potential problem loans classified as substandard or special mention, totaling $48.6 million at June 30, 2024 compared to $41.9 million at June 30, 2023, an increase of $6.7 million. During the year ended June 30, 2024, the Company downgraded 12 commercial and commercial real estate relationships from special mention to substandard, and downgraded 14 commercial and commercial real estate relationships from pass to special mention, due to the deterioration in the borrower cash flows and financial performance. This was offset by 14 commercial and commercial real estate relationships that were either upgraded, paid-off, or charged-off during the year ended June 30, 2024. Management continues to monitor classified loan relationships closely. No loans were classified as doubtful or loss at June 30, 2024 or 2023.

For additional details on non-performing loans, see the table in Part II, Item 8 Financial Statements and Supplemental Data, Note 4, *Loans and Allowance for Credit Losses on Loans* of this Annual Report.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses on loans (the "ACL") is established through a provision made periodically by charges or benefits to the provision for credit losses. This is necessary to maintain the ACL at a level which management believes is reasonably reflective of the overall loss expected over the contractual life of the loan portfolio. Management has an established ACL policy to govern the use of judgments exercised in evaluating the ACL required to estimate the expected credit losses over the expected contractual life of the loan portfolios and the material effect that such judgments can have on the consolidated financial statements. While management uses available information to recognize losses on loans, additions or reductions to the allowance may fluctuate from one reporting period to another. These fluctuations are reflective of changes in the reasonable and supportable forecast, analysis of loans evaluated individually, and/or changes in management's assessment of factors.

The ACL is based on the results of life of loan quantitative models, reserves associated with collateral-dependent loans evaluated individually and adjustments for the impact of current economic conditions not accounted for in the quantitative models. The discounted cash flow methodology is used to calculate the CECL reserve for the residential real estate, commercial real estate, home equity and commercial loan segments. The remaining life method is utilized to determine the CECL reserve for the consumer loan segment. The Company elected to use the practical expedient to evaluate loans individually, if they are collateral dependent loans that are on nonaccrual status with a balance of $250,000 or greater, which is consistent with regulatory requirements. The fair value of collateral for collateral dependent loans less selling expenses will be compared to the loan balance to determine if a CECL reserve is required. A qualitative factor framework has been developed to adjust the quantitative loss rates for asset-specific risk characteristics or current conditions at the reporting date.

The Company charges loans off against the ACL when it becomes evident that a loan cannot be collected within a reasonable amount of time or that it will cost the Company 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 ACL, unless equitable arrangements are made. Included within consumer installment loan charge-offs and recoveries are deposit accounts that have been overdrawn in excess of 60 days. 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 ACL is increased by a provision for credit losses (which results in a charge to expense) and recoveries of loans previously charged off, and is reduced by charge-offs.

The ACL totaled $19.2 million at June 30, 2024, compared to $21.2 million at June 30, 2023 and $19.9 million at July 1, 2023. The ACL to total loans receivable was 1.28% at June 30, 2024 compared to 1.51% at June 30, 2023 and 1.42% at day-one CECL adoption (July 1, 2023). The ACL as of June 30, 2024 decreased as compared to the July 1, 2023 day-one ACL, primarily attributable to a decrease in the reserve for individually evaluated loans due to improved credit risk, and a decrease in the modeled pooled reserve due to favorable economic forecasts as of June 30, 2024. This was partially offset by an increase in the ACL due to growth in gross loans as of June 30, 2024.

Net charge-offs on loans totaled $1.4 million and $478,000 for the years ended June 30, 2024 and 2023, respectively. The increase in net charge-offs for the year ended June 30, 2024, was due to one commercial loan being charged-off, which was fully reserved for as an individually evaluated loan through the allowance for credit losses.

Analysis of Allowance for Credit Losses Activity

The following table set forth the activity and allocation of the allowance for credit losses on loans at June 30, 2024. The Company adopted ASU 2016-13 (CECL) effective July 1, 2023. Our loan segmentation has been redefined under CECL. Prior year loan tables are presented separately and loan segments presented may not align with how the Company assessed credit risk in the estimate for credit losses under CECL.

(Dollars in thousands)	At June 30, 2024
Balance at the beginning of the period	$ 21,212
Adoption of ASU No. 2016-13	(1,332)
Charge-offs:	
Consumer	481
Commercial	1,152
Total charge-offs	1,633
Recoveries:	
Commercial real estate	3
Consumer	142
Commercial	66
Total recoveries	211
Net charge-offs	1,422
Provision charged to operations	786
Balance at the end of the period	$ 19,244
Allowance for credit losses to total loans receivable	1.28%
Consumer net charge-offs to average loans	0.02%
Commercial loans net charge-offs to average loans	0.08%
Net charge-offs to average loans outstanding	0.10%
Net charge-offs to average assets	0.05%

The following table set forth the activity and allocation of the allowance for loan losses by loan category in prior periods at the dates indicated under the incurred methodology.

	At or for the years ended June 30,			
(Dollars in thousands)	2023	2022	2021	2020
Balance at the beginning of the period	$ 22,761	$ 19,668	$ 16,391	$ 13,200
Charge-offs:				
Residential real estate	-	27	26	102
Commercial real estate	9	-	-	-
Consumer installment	535	454	309	459
Commercial loans	120	112	500	335
Total loans charged off	664	593	835	896
Recoveries:				
Residential real estate	6	13	13	16
Commercial real estate	4	-	-	-
Consumer installment	141	115	124	130
Commercial loans	35	280	1	36
Total recoveries	186	408	138	182
Net charge-offs	478	185	697	714
Provisions (benefit) charged to operations	(1,071)	3,278	3,974	3,905
Balance at the end of the period	$ 21,212	$ 22,761	$ 19,668	$ 16,391
Allowance for loan losses to total loans receivable	1.51%	1.82%	1.77%	1.62%
Residential real estate net charge-offs to average loans	0.00%	0.00%	0.00%	0.01%
Commercial real estate net charge-offs to average loans	0.00%	-	-	-
Consumer installment net charge-offs to average loans	0.03%	0.03%	0.02%	0.04%
Commercial loans net charge-offs to average loans outstanding	0.01%	(0.01%)	0.05%	0.03%
Net charge-offs to average loans outstanding	0.04%	0.02%	0.07%	0.08%
Net charge-offs to average assets	0.02%	0.01%	0.04%	0.05%

Allocation of Allowance for Credit Losses

The following table sets forth the allocation of the allowance for credit losses by loan category at June 30, 2024. The Company adopted ASU 2016-13 (CECL) effective July 1, 2023. Our loan segmentation has been redefined under CECL. Prior year loan tables are presented separately and loan segments presented may not align with how the Company assessed credit risk in the estimate for credit losses under CECL.

	At June 30, 2024	
(Dollars in thousands)	Amount of allowance for credit loss	Percent of loans in each category to total loans
Residential real estate	$ 4,237	27.9 %
Commercial real estate	12,218	62.5
Home equity	212	1.9
Consumer	500	0.3
Commercial	2,077	7.4
Totals	$ 19,244	100.0 %

The following table sets forth the allocation of the allowance for loan losses by loan category in prior periods at the dates indicated under the incurred methodology.

	At June 30,							
	2023		2022		2021		2020	
(Dollars in thousands)	Amount of loan loss allowance	Percent of loans in each category to total loans	Amount of loan loss allowance	Percent of loans in each category to total loans	Amount of loan loss allowance	Percent of loans in each category to total loans	Amount of loan loss allowance	Percent of loans in each category to total loans
Residential real estate	$ 2,613	26.4 %	$ 2,373	28.8 %	$ 2,012	29.3 %	$ 2,091	27.6 %
Residential construction and land	181	1.4	141	1.2	106	0.9	141	1.2
Multi-family	197	4.7	119	5.1	186	3.8	176	2.5
Commercial real estate	13,020	49.2	16,221	47.6	13,049	42.7	8,634	37.6
Commercial construction	1,622	8.7	1,114	6.7	1,535	5.7	2,053	7.4
Home equity	46	1.6	89	1.4	165	1.6	295	2.2
Consumer installment	332	0.3	349	0.4	267	0.5	197	0.5
Commercial loans	3,201	7.7	2,355	8.8	2,348	15.5	2,804	21.0
Unallocated	-	-	-	-	-	-	-	-
Totals	$ 21,212	100.0 %	$ 22,761	100.0 %	$ 19,668	100.0 %	$ 16,391	100.0 %

The allowance for credit losses on unfunded commitments

The allowance for credit losses on unfunded commitments represents the amount held against credit exposures that are not represented on the consolidate balance sheets. The allowance is recognized as a liability, a component of other liabilities, with adjustments as an expense in other noninterest expense. The Company estimates expected credit losses over the contractual period in which the Company has exposure to a contractual obligation to extend credit, unless that obligation in unconditionally cancellable by the Company. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over the estimated contractual life. The Company considers the following segments of unfunded commitments exposure; home equity line of credits, commercial line of credits, consumer loans, the residential and commercial real estate loans committed but not closed and the unfunded portion of the construction loans. The probable funding amount by segment is multiplied by the respective reserve percentage calculated in the allowance for credit losses on loans to calculate a reserve on unfunded commitments.

The allowance for credit losses on unfunded commitments as of June 30, 2024 was $1.3 million.

For further discussion and detail regarding the Allowance for Credit Loss, please refer to Part II, Item 8 Financial Statements and Supplemental Data, Note 4 *Loans and Allowance for Credit Losses on Loans* of this Annual Report. Management considers the ACL to be appropriate based on evaluation and analysis of the loan portfolio.

DERIVATIVES

The Company enters into interest rate swap agreements with its commercial customers to provide them with a long-term fixed rate, while simultaneously entering into offsetting interest rate swap agreements with a counterparty to swap the fixed rate to a variable rate to manage interest rate exposure. These interest rate swap agreements are not designated as hedges for accounting purposes. As the interest rate swap agreements have substantially equivalent and offsetting terms, they do not present any material exposure to the Company's consolidated statements of income. The Company records its interest rate swap agreements at fair value and is presented on a gross basis within other assets and other liabilities on the consolidated statements of financial condition. Changes in the fair value of assets and liabilities arising from these derivatives are included, net, in other operating income in the consolidated statement of income.

The Company is exposed to credit loss equal to the fair value of the interest rate swaps, not the notional amount of the derivatives, in the event of nonperformance by the counterparty to the interest rate swap agreements.

The Company also participates in the credit exposure of certain interest rate swaps in which it participates in the related commercial loan. The Company receives an upfront fee for participating in the credit exposure of the interest rate swap and recognizes the fee to other operating income. Under the terms of these risk participation agreements ("RPAs"), the "participating bank" receives a fee from the "lead bank" in exchange for the guarantee of reimbursement if the customer defaults on an interest rate swap. The interest rate swap is transacted such that any and all exchanges of interest payments (favorable and unfavorable) are made between the lead bank and the customer. In the event that an early termination of the swap occurs and the customer is unable to make a required close out payment, the participating bank assumes that obligation and is required to make this payment.

RPAs in which the Company acts as the lead bank are referred to as "participations-out," in reference to the credit risk associated with the customer derivatives being transferred out of the Company. Participations-out generally occur concurrently with the sale of new customer derivatives. At June 30, 2024, the Company's exposure was reduced due to participations-outs in the amount of $105,000, with a notional amount of $8.0 million. There were no participations-out at June 30, 2023.

RPAs in which the Company acts as the participating bank are referred to as "participations-in," in reference to the credit risk associated with the counterparty's derivatives being assumed by the Company. The Company's maximum credit exposure is based on its proportionate share of the settlement amount of the referenced interest rate swap. Settlement amounts are generally calculated based on the fair value of the swap plus outstanding accrued interest receivables from the customer. The credit exposure associated with risk participations-ins was $276,000 and zero as of June 30, 2024 and June 30, 2023, respectively. The RPAs participations-ins are spread out over four financial institution counterparties and terms range between 4 to 13 years. At June 30, 2024 and June 30, 2023, the Company held RPAs with a notional amount of $112.3 million and $82.0 million, respectively.

PREMISES AND EQUIPMENT

Premises and equipment amounted to $15.6 million and $15.0 million at June 30, 2024 and 2023, respectively. Purchases totaled $1.5 million during the year ended June 30, 2024, consisting primarily of building improvements and equipment for a new lending center located in Albany, New York and a new office building located in Catskill, New York, and IT equipment. Purchases totaled $1.5 million during the year ended June 30, 2023, consisting primarily of building improvements and equipment for a new branch located in East Greenbush, New York and a new office building located in Catskill, New York, and IT equipment. Depreciation for the year ended June 30, 2024 totaled $928,000, compared to $871,000 for the year ended June 30, 2023. There were no disposals of premises and equipment during the fiscal years ended June 30, 2024 and 2023.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets totaled $17.2 million at June 30, 2024, compared to $17.5 million at June 30, 2023, a decrease of $300,000. The decrease was primarily due to a decrease of $545,000 in deferred taxes due to the decrease in unrealized losses on available for sale securities and a decrease of $137,000 in income tax receivable, offset by an increase of $430,000 in prepaid expenses.

Real estate acquired as a result of foreclosure, or in-substance foreclosure deed in lieu of foreclosure or in full or partial satisfaction of loans, is classified as foreclosed real estate ("FRE") until such time as it is sold. When real estate is classified as FRE, it is recorded at the estimated fair value of the property less estimated costs to dispose at the time of acquisition to establish a new carrying value. Write downs from the carrying value of the loan to estimated fair value, which are required at the time of foreclosure, are charged to the allowance for credit losses. Subsequent adjustments to the carrying value of such properties resulting from declines in fair value result in the establishment of a valuation allowance and are charged to operations in the period in which the declines occur. There were zero and $302,000 in FRE assets as of June 30, 2024 and 2023, respectively.

DEPOSITS

Deposits totaled $2.39 billion at June 30, 2024 and $2.44 billion at June 30, 2023, a decrease of $47.9 million, or 2.0%. The Company had zero and $60 million of brokered deposits, included in certificates of deposits, as of June 30, 2024 and 2023, respectively. The Company's core deposit, net of brokered deposits, increased $12.1 million or 0.5%. NOW deposits increased $23.7 million, or 1.4%, certificates of deposits increased $10.4 million, or 8.1%, when comparing June 30, 2024 and June 30, 2023. Savings deposits decreased $46.7 million, or 15.6%, noninterest-bearing deposits decreased $33.6 million, or 21.1%, and money market deposits decreased $1.8 million, or 1.5%, when comparing June 30, 2024 and June 30, 2023.

The following table summarizes deposits by major categories:

	At June 30,					
	2024		2023		2022	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Noninterest-bearing deposits	$ 125,442	5.3%	$ 159,039	6.5%	$ 187,697	8.5 %
Certificates of deposit	138,493	5.8	128,077	5.3	40,801	1.8
Savings deposits	252,362	10.6	299,038	12.3	343,731	15.5
Money market deposits	113,266	4.7	115,029	4.7	157,623	7.1
NOW deposits	1,759,659	73.6	1,735,978	71.2	1,482,752	67.0
Total deposits	$ 2,389,222	100.0%	$ 2,437,161	100.0%	$ 2,212,604	100.0 %

The following table summarizes deposits by depositor type:

	At June 30,					
	2024		2023		2022	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Business deposits	$ 462,716	19.4 %	$ 487,477	20.0%	$ 437,489	19.8 %
Retail deposits	882,170	36.9	856,079	35.1	874,758	39.5
Municipal deposits	1,044,336	43.7	1,033,605	42.4	893,114	40.4
Brokered deposits	-	-	60,000	2.5	7,243	0.3
Total deposits	$ 2,389,222	100.0 %	$ 2,437,161	100.0%	$ 2,212,604	100.0 %

The Company's deposit base and liquidity position continues to be strong, and the deposit base is well diversified across segments to meet the transactional and investment needs of our customers. Municipal deposits are primarily from local New York State government entities, such as counties, cities, villages and towns, as well as school districts and fire departments. There is a seasonal component to municipal deposits levels associated with annual tax collections and fiscal spending patterns. In general, municipal balances increase at the end of the first and third quarters of our fiscal year. Municipal deposits above the FDIC insured limit are required to be collateralized by irrevocable municipal letters of credits issued by the Federal Home Loan Bank, municipal bonds, US Treasuries or government agency securities. Additionally, the Company offers large retail, business and municipal customers the ability to enhance FDIC insurance coverage, by electing to participate their deposit balance into a national deposit network.

The Company has many long-standing relationships with municipal entities throughout its market areas and their deposits have provided a stable funding source for the Company. The Company has a separate municipal department for the retention, management, and monitoring of municipal relationships.

Uninsured deposits represents the portion of deposit accounts that exceed the FDIC insurance limit. The Company calculates its uninsured deposit balances based on the methodologies and assumptions used for regulatory reporting requirements, which includes affiliate deposits and collateralized deposits.

The following table summarizes total uninsured deposits based on the same methodologies and assumptions used for the Bank's regulatory reporting:

	At June 30,		
(Dollars in thousands)	2024	2023	2022
Estimated amount of uninsured for the Bank of Greene County	$ 358,851	$ 368,566	$ 328,352
Estimated amount of uninsured for Greene County Commercial Bank[(1)]	931,731	941,634	858,015
Uninsured deposits, per regulatory requirements	$ 1,290,582	$ 1,310,200	$ 1,186,367

[(1)]All of Greene County Commercial Bank deposits in excess of FDIC insurance limits are fully collateralized.

The following table estimates uninsured deposits after certain exclusions:

(Dollars in thousands)	At June 30, 2024
Uninsured deposits, per regulatory requirements	$ 1,290,582
Less: Affiliate deposits	(40,844)
Collateralized deposits	(931,731)
Uninsured deposits, after exclusions	$ 318,007
Immediately available liquidity[(1)]	$ 369,723
Uninsured deposits coverage	116.3%

(1) Reflects $190.4 million of cash and cash equivalents, $157.6 million and $21.7 million of remaining borrowing capacity from the Federal Home Loan Bank and the Federal Reserve Bank, as of June 30, 2024, respectively.

Uninsured deposits after exclusions, represents 13.3% of total deposits as of June 30, 2024. The Company believes that this presentation provides a more accurate view of deposits at risk, given that affiliate deposits are not customer facing and therefore are eliminated upon consolidation, and collateralized deposits are fully secured by investments and municipal letters of credit. The Company continually monitors the level and composition of uninsured deposits.

The following table presents the maturity distribution of certificates of deposits of $250,000 or more:

(Dollars in thousands)	At June 30, 2024
Portion of certificates of deposits in excess of insurance limits	$ 38,396
Certificates of deposits otherwise uninsured with a maturity of:	
Within three months	$ 7,863
After three but within six months	13,471
After six but within twelve months	915
Over twelve months	3,397

The amount of certificates of deposit by time remaining to maturity as of June 30, 2024 is set forth in Part II, Item 8 Financial Statements and Supplemental Data, Note 6, *Deposits* of this Annual Report.

BORROWINGS

Borrowings for the Company amounted to $199.1 million at June 30, 2024 compared to $49.5 million at June 30, 2023, an increase of $149.6 million. At June 30, 2024, borrowings included $115.3 million of overnight borrowings with the Federal Home Loan Bank of New York ("FHLB"), $49.7 million of Fixed-to-Floating Rate Subordinated Notes, $25.0 million in the Bank Term Funding Program with the Federal Reserve Bank, and $9.2 million of long-term borrowings with the FHLB.

On September 17, 2020, the Company entered into Subordinated Note Purchase Agreements with 14 qualified institutional investors, issued at 4.75% Fixed-to-Floating Rate due September 15, 2030, in the aggregate principal amount of $20.0 million, carried net of issuance costs of $424,000 amortized over a period of 60 months. These notes are callable on September 15, 2025. At June 30, 2024, there were $19.9 million of Subordinated Note Purchases Agreements outstanding, net of issuance costs.

On September 15, 2021, the Company entered into Subordinated Note Purchase Agreements with 18 qualified institutional investors, issued at 3.00% Fixed-to-Floating Rate due September 15, 2031, in the aggregate principal amount of $30.0 million, carried net of issuance costs of $499,000 amortized over a period of 60 months. These notes are callable on September 15, 2026. At June 30, 2024, there were $29.8 million of these Subordinated Note Purchases Agreements outstanding, net of issuance costs.

The Company's borrowing agreements and additional borrowing capacity are discussed further within Part II, Item 8 Financial Statements and Supplemental Data, Note 7 *Borrowings* of this Annual Report.

OTHER LIABILITIES

Other liabilities, consisting primarily of accrued liabilities, totaled $31.4 million at June 30, 2024, compared to $28.3 million at June 30, 2023, an increase of $3.1 million. The change was primarily due to an increase of $1.8 million in employee benefit plans, including short-term incentive plans and supplemental executive retirement plans and an increase of $1.3 million in accrued expenses for reserve liability accounts related to unfunded loan commitments. This was partially offset by a decrease of $136,000 in federal and state taxes payable when comparing the year ended June 30, 2024 to June 30, 2023.

For further information regarding these changes, see Part II, Item 8 Financial Statements and Supplemental Data, Note 9 *Employee Benefits Plans* and Note 10 *Stock-Based Compensation* of this Annual Report.

SHAREHOLDERS' EQUITY

Shareholders' equity increased to $206.0 million at June 30, 2024 from $183.3 million at June 30, 2023, resulting primarily from net income of $24.8 million and a decrease in accumulated other comprehensive loss of $1.7 million, partially offset by dividends declared and paid of $3.2 million and the day-one CECL adoption impact of $510,000.

On September 17, 2019, the Board of Directors of the Company adopted a stock repurchase program. Under the repurchase program, the Company may repurchase up to 400,000 shares of its common stock. Repurchases are made at management's discretion at prices management considers to be attractive and in the best interests of both the Company and its stockholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, and the Company's financial performance. As of June 30, 2024, the Company had repurchased a total of 48,000 shares of the 400,000 shares authorized by the repurchase program. The Company did not repurchase any shares during the year ended June 30, 2024.

Selected Equity Data:

	At June 30,	
	2024	2023
Shareholders’ equity to total assets, at end of period	7.29%	6.79%
Book value per share[1]	$12.10	$10.76
Closing market price of common stock[1]	$33.71	$29.80

	For the years ended June 30,	
	2024	2023
Average shareholders’ equity to average assets	7.23%	6.58%
Dividend payout ratio[1]	22.07%	15.47%
Actual dividends paid to net income[2]	13.08%	7.12%

(1) The dividend payout ratio has been calculated based on the dividends declared per share divided by basic earnings per share. No adjustments have been made to account for dividends waived by Greene County Bancorp, MHC (“MHC”), the Company’s majority shareholder, owning 54.1% of the shares outstanding.

(2) Dividends declared divided by net income. The MHC waived its right to receive dividends declared during the three months ended, September 30, 2022, December 31, 2022, March 31, 2023, June 30, 2023, December 31, 2023, March 31, 2024 and June 30, 2024. Dividends declared during the three months ended September 30, 2023 were paid to the MHC. The MHC’s ability to waive the receipt of dividends is dependent upon annual approval of its members as well as receiving the non-objection of the Federal Reserve Board.

Comparison of Operating Results for the Years Ended June 30, 2024 and 2023

Average Balance Sheet

The following table sets forth certain information relating to the Company for the years ended June 30, 2024 and 2023. For the years 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 are based on daily averages. Average loan balances include non-performing loans. The loan yields are calculated net amortization of certain deferred fees and costs that are considered adjustments to yields.

	Fiscal years ended June 30,					
	2024			2023		
(Dollars in thousands)	Average outstanding balance	Interest earned/ paid	Average yield/ rate	Average outstanding balance	Interest earned/ paid	Average yield/ rate
Interest-earning Assets:						
Loans receivable, net[1]	$ 1,455,235	$ 71,540	4.92 %	$ 1,371,653	$ 60,049	4.38 %
Securities non-taxable	630,317	17,594	2.79	672,877	14,385	2.14
Securities taxable	407,199	10,312	2.53	413,417	8,384	2.03
Interest-earning bank balances and federal funds	73,775	4,023	5.45	34,816	1,592	4.57
FHLB stock	2,230	195	8.74	2,890	215	7.44
Total interest-earning assets	2,568,756	103,664	4.04 %	2,495,653	84,625	3.39 %
Cash and due from banks	12,322			12,684		
Allowance for credit losses on loans[2]	(20,113)			(22,115)		
Allowance for credit losses on securities held-to-maturity[2]	(493)			-		
Other noninterest-earning assets	100,475			94,627		
Total assets	$ 2,660,947			$ 2,580,849		
Interest-Bearing Liabilities:						
Savings and money market deposits	$ 373,688	$ 1,466	0.39 %	$ 464,988	$ 929	0.20 %
NOW deposits	1,737,165	43,617	2.51	1,596,832	17,516	1.10
Certificates of deposit	114,705	4,631	4.04	69,279	1,610	2.32
Borrowings	72,726	2,971	4.09	82,816	3,352	4.05
Total interest-bearing liabilities	2,298,284	52,685	2.29 %	2,213,915	23,407	1.06 %
Noninterest-bearing deposits	140,495			171,068		
Other noninterest-bearing liabilities	29,653			26,029		
Shareholders' equity	192,515			169,837		
Total liabilities and equity	$ 2,660,947			$ 2,580,849		
Net interest income		$ 50,979			$ 61,218	
Net interest rate spread			1.75 %			2.33 %
Net earnings assets	$ 270,472			$ 281,738		
Net interest margin			1.98 %			2.45 %
Average interest-earning assets to average interest-bearing liabilities	111.77 %			112.73 %		

(1) Calculated net of deferred loan fees and costs, loan discounts, and loans in process.

(2) Effective July 1, 2023, the allowance calculation is based upon the CECL methodology. Prior to July 1, 2023, the allowance calculation was based upon the incurred loss methodology.

The following table summarizes the adjustments made to arrive at the fully taxable-equivalent net interest margins.

Taxable-equivalent net interest income and net interest margin

(Dollars in thousands)	For the years ended June 30, 2024	2023
Net interest income (GAAP)	$ 50,979	$ 61,218
Tax-equivalent adjustment[(1)]	6,791	5,258
Net interest income fully taxable-equivalent basis (non-GAAP)	$ 57,770	$ 66,476
Average interest-earning assets (GAAP)	$2,568,756	$2,495,653
Net interest margin fully taxable-equivalent basis (non-GAAP)	2.25%	2.66%

[(1)] Interest income calculated on a taxable-equivalent basis (non-GAAP) includes the additional amount of interest income that would have been earned if the Company's investment in tax-exempt securities and loans had been subject to federal and New York State income taxes yielding the same after-tax income. The rate used for this adjustment was 21% for federal income taxes, and 4.44% for New York State income taxes for the years ended June 30, 2024 and 2023.

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 the Company'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.

	Years ended June 30, 2024 versus 2023			2023 versus 2022		
	Increase/(decrease) Due to		Total increase/	Increase/(decrease) Due to		Total increase/
(In thousands)	Volume	Rate	(decrease)	Volume	Rate	(decrease)
Interest-earning assets:						
Loans receivable, net[(1)]	$ 3,801	$ 7,690	$ 11,491	$ 9,808	$ 3,116	$ 12,924
Securities non-taxable	(955)	4,164	3,209	306	4,562	4,868
Securities taxable	(127)	2,055	1,928	(5)	1,794	1,789
Interest-bearing bank balances and federal funds	2,074	357	2,431	(138)	1,573	1,435
FHLB stock	(54)	34	(20)	75	90	165
Total interest-earning assets	4,739	14,300	19,039	10,046	11,135	21,181
Interest-bearing liabilities:						
Savings and money market deposits	(211)	748	537	(4)	174	170
NOW deposits	1,675	24,426	26,101	281	14,801	15,082
Certificates of deposit	1,418	1,603	3,021	458	869	1,327
Borrowings	(414)	33	(381)	1,271	118	1,389
Total interest-bearing liabilities	2,468	26,810	29,278	2,006	15,962	17,968
Net change in net interest income	$ 2,271	$ (12,510)	$ (10,239)	$ 8,040	$ (4,827)	$ 3,213

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

As the above table shows, net interest income for the fiscal year ended June 30, 2024 has been affected most significantly by the increase in the volume of loans and the increase in rates on all interest-earning assets. This was partially offset by an increase in volume and rate of interest-bearing liabilities. Net interest rate spread decreased 58 basis points to 1.75% for the year ended June 30, 2024 compared to 2.33% for the year ended June 30, 2023. Net interest margin decreased 47 basis points to 1.98% for the year ended June 30, 2024 compared to 2.45% for the year ended June 30, 2023. The decrease during the year ended June 30, 2024 was due to the higher interest rate environment, which caused competitive pressure to increase rates paid on deposits, resulting in higher interest expense. This was partially offset by increases in interest income on securities and loans, as they reprice at higher yields and the interest rates earned on new balances were higher than the low levels from the prior periods.

INTEREST INCOME

Interest income for the year ended June 30, 2024 amounted to $103.7 million as compared to $84.6 million for the year ended June 30, 2023, an increase of $19.0 million, or 22.5%. The increase in rate on interest-earning assets had the greatest impact on interest income when comparing the years ended June 30, 2024 and 2023. Interest income is derived from loans, securities and other interest-earning assets. Total average interest-earning assets increased to $2.6 billion for the year ended June 30, 2024 as compared to $2.5 billion for the year ended June 30, 2023, an increase of $73.1 million, or 2.9%. The yield earned on such assets increased 65 basis points to 4.04% for the year ended June 30, 2024 as compared to 3.39% for the year ended June 30, 2023.

Interest income earned on loans increased to $71.5 million for the year ended June 30, 2024 as compared to $60.0 million for the year ended June 30, 2023. Average loans outstanding increased $83.6 million, or 6.1%, to $1.5 billion for the year ended June 30, 2024 as compared to $1.4 billion for the year ended June 30, 2023. The yield on such loans increased 54 basis points to 4.92% for the year ended June 30, 2024 as compared to 4.38% for the year ended June 30, 2023. At June 30, 2024, approximately 61.6% of the loan portfolio was adjustable rate, of which a large portion is tied to the Prime Rate.

Interest income earned on securities (excluding FHLB stock) increased to $27.9 million for the year ended June 30, 2024 as compared to $22.8 million for the year ended June 30, 2023. The average balance of securities remained at $1.1 billion for the years ended June 30, 2024 and 2023. The average yield on securities non-taxable increased 65 basis points to 2.79% for the year ended June 30, 2024 as compared to 2.14% for the year ended June 30, 2023. The average yield on securities taxable increased 50 basis points to 2.53% for the year ended June 30, 2024 as compared to 2.03% for the year ended June 30, 2023. No adjustments were made to tax-effect the income for the state and political subdivision securities, which often carry a lower yield because of the offset expected from income tax benefits gained from holding such securities.

Interest income earned on federal funds and interest-bearing bank balances amounted to $4.0 million for the year ended June 30, 2024 as compared to $1.6 million for the year ended June 30, 2023. The average balance of federal funds and interest-bearing bank balances increased $39.0 million, or 111.9% to $73.8 million for the year ended June 30, 2024 as compared to $34.8 million for the year ended June 30, 2023. Dividends on FHLB stock decreased to $195,000 for the year ended June 30, 2024 as compared to $215,000 for the year ended June 30, 2023.

INTEREST EXPENSE

Interest expense for the year ended June 30, 2024 amounted to $52.7 million as compared to $23.4 million for the year ended June 30, 2023, an increase of $29.3 million. The increase in rate on interest-bearing liabilities had the greatest impact on interest expense when comparing the years ended June 30, 2024 and 2023. The rate paid on interest-bearing liabilities increased 123 basis points to 2.29% for the year ended June 30, 2024 compared to 1.06% for the year ended June 30, 2023. Total average interest-bearing liabilities increased to $2.3 billion for the year ended June 30, 2024 as compared to $2.2 billion for the year ended June 30, 2023, an increase of $84.4 million, or 3.8%. The majority of the increase related to NOW accounts, primarily resulting from growth in new deposit relationships within our business and municipal accounts.

Interest expense paid on savings and money market accounts amounted to $1.5 million for the year ended June 30, 2024 as compared to $929,000 for the year ended June 30, 2023, an increase of $537,000, or 19.6%. The average rate paid on savings and money market accounts increased 19 basis points to 0.39% for the year ended June 30, 2024 as compared to 0.20% for the year ended June 30, 2023. The average balance of savings and money market accounts decreased by $91.3 million to $373.7 million for the year ended June 30, 2024 as compared to $465.0 million for the year ended June 30, 2023.

Interest expense paid on NOW accounts amounted to $43.6 million for the year ended June 30, 2024 as compared to $17.5 million for the year ended June 30, 2023, an increase of $26.1 million. The average rate paid on NOW accounts increased 141 basis points to 2.51% for the year ended June 30, 2024 as compared to 1.10% for the year ended June 30, 2023. The average balance of NOW accounts increased $140.3 million to $1.7 billion for the year ended June 30, 2024 as compared to $1.6 billion for the year ended June 30, 2023.

Interest expense paid on certificates of deposit amounted to $4.6 million for the year ended June 30, 2024 as compared to $1.6 million for the year ended June 30, 2023, an increase of $3.0 million. The average rate paid on certificates of deposit increased 172 basis points to 4.04% for the year ended June 30, 2024 as compared to 2.32% for the year ended June 30, 2023. The average balance on certificates increased $45.4 million to $114.7 million for the year ended June 30, 2024 as compared to $69.3 million for the year ended June 30, 2023.

Interest expense on borrowings amounted to $3.0 million for the year ended June 30, 2024 as compared to $3.4 million for the year ended June 30, 2023, as the average balance of borrowings decreased $10.1 million to $72.7 million for the year ended June 30, 2024 as compared to $82.8 million for the year ended June 30, 2023. The average rate paid on borrowings increased 4 basis points to 4.09% from 4.05% during the period.

PROVISION FOR CREDIT LOSSES

Management continues to closely monitor asset quality and adjust the level of the allowance for credit losses. The amount recognized for the provision for credit losses is determined by management based on its ongoing analysis of the adequacy of the allowance for credit losses. Provision for credit losses on loans amounted to a charge of $786,000 for the year ended June 30, 2024 and a benefit of $1.1 million for the year ended June 30, 2023. The loan provision for the year ended June 30, 2024 was primarily due to the growth in gross loans, partially offset by improvement in the economic forecasts. The allowance for credit losses on loans to total loans receivable was 1.28% at June 30, 2024 compared to 1.51% at June 30, 2023 and 1.42% at day-one CECL adoption (July 1, 2023).

For additional details relating to the allocation of the provision for credit losses, see Part II, Item 8 Financial Statements and Supplemental Data, Note 4, *Loans and Allowance for Credit Losses on Loans* of this report.

NONINTEREST INCOME

(Dollars in thousands)	For the years ended June 30,		Change from prior year	
	2024	2023	Amount	Percent
Service charges on deposit accounts	$ 4,640	$ 4,713	$ (73)	(1.5%)
Debit card fees	4,438	4,512	(74)	(1.6)
Investment services	1,157	781	376	48.1
E-commerce fees	116	110	6	5.5
Bank owned life insurance	2,183	1,369	814	59.5
Net loss on sale of securities available-for-sale	-	(251)	251	(100.0)
Other operating income	1,374	912	462	50.7
Total noninterest income	$ 13,908	$ 12,146	$ 1,762	14.5%

Noninterest income increased $1.8 million, or 14.5%, to $13.9 million for the year ended June 30, 2024 compared to $12.1 million for the year ended June 30, 2023. The increase during the year ended June 30, 2024 was primarily due to an increase in fee income earned on customer interest rate swap contracts, investment services income and income from bank owned life insurance ("BOLI"). During the quarter ended December 31, 2023, the Company restructured $23.0 million of BOLI contracts, by surrendering and simultaneously purchasing new higher-yielding policies, which resulted in $814,000 of additional noninterest income.

NONINTEREST EXPENSE

(Dollars in thousands)	For the years ended June 30,		Change from prior year	
	2024	2023	Amount	Percent
Salaries and employee benefits	$ 23,836	$ 23,418	$ 418	1.8%
Occupancy expense	2,446	2,333	113	4.8
Equipment and furniture expense	710	699	11	1.6
Service and data processing fees	2,386	2,869	(483)	(16.8)
Computer software, supplies and support	1,577	1,653	(76)	(4.6)
Advertising and promotion	445	498	(53)	(10.6)
FDIC insurance premiums	1,289	1,085	204	18.8
Legal and professional fees	1,516	3,024	(1,508)	(49.9)
Other	3,097	3,029	68	2.2
Total noninterest expense	$ 37,302	$ 38,608	$ (1,306)	(3.4%)

Noninterest expense decreased $1.3 million, or 3.4%, to $37.3 million for the year ended June 30, 2024 compared to $38.6 million for the year ended June 30, 2023. The decrease during the year ended June 30, 2024 was primarily due to a decrease in legal and professional fees due to non-recurring litigation expenses during the year ended June 30, 2023. This was partially offset by an increase in salaries and employee benefits due to new positions created during the period to support the Company's continued growth.

INCOME TAXES

Provision for income taxes reflects the expected tax associated with the pre-tax income generated for the given period and certain regulatory requirements. The effective tax rate was 7.6% and 14.1% for the years ended June 30, 2024 and 2023, respectively. The statutory tax rate is impacted by the benefits derived from tax-exempt bond and loan income, the Company's real estate investment trust subsidiary income and income received on the bank owned life insurance to arrive at the effective tax rate. The decrease in the current quarter's effective tax rate primarily reflects historic preservation tax credits received on the Company's new wealth management center, located at 345 Main Street, in Catskill New York. The wealth management center was originally built in 1910 and is located in Catskill's historic district. The decrease in the current year's effective tax rate primarily reflected a higher mix of tax-exempt income from municipal bonds, tax advantage loans, historic preservation tax credits and bank-owned life insurance in proportion to pre-tax income.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity resources. The Company's primary sources of funds are deposits and proceeds from principal and interest payments on loans and securities, as well as lines of credit and term borrowing facilities available through the Federal Home Loan Bank as needed. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit outflows, mortgage prepayments, and borrowings are greatly influenced by general interest rates, economic conditions and competition.

The Company's most liquid assets are cash and cash equivalent accounts. The levels of these assets are dependent on the Company's operating, financing, lending and investing activities during any given period. At June 30, 2024, cash and cash equivalents totaled $190.4 million, or 6.7% of total assets.

The Company's primary investing activities are the origination of residential and commercial real estate mortgage loans, other consumer and commercial loans, and the purchase of securities. Loan originations exceeded repayments by $90.7 million and $157.9 million and purchases of securities totaled $329.6 million and $212.0 million for the years ended June 30, 2024 and 2023, respectively. These activities were funded primarily through deposit growth, and principal payments on loans and securities, and borrowings. Loan sales did not provide an additional source of liquidity during the years ended June 30, 2024 and 2023, as the Company originated loans for retention in its portfolio.

In response to liquidity concerns in the banking system, the Federal Reserve Board created the Bank Term Funding Program (BTFP). The program made additional funding available to eligible depository institutions to help assure institutions can meet the needs of their depositors. As of June 30, 2024, the Company has $25.0 million outstanding through the BTFP.

In efforts to enhance strong levels of liquidity and to fund strong loan demand, the Bank and Commercial Bank (the "Banks") accept brokered deposits, generally in denominations of less than $250,000, from national brokerage networks, custodial deposit networks or through IntraFi's one-way CDARS and ICS products, including IntraFi's Insured Network Deposits ("IND"). The Banks combined can place and obtain brokered deposits up to 30% of total deposits, in the amount of $716.8 million based on policy. Additionally, the Banks participate in the IntraFi reciprocal ("two-way") CDARS and the ICS products, which provides for reciprocal two-way transactions among other institutions, facilitated by IntraFi, for the purpose of maximizing FDIC insurance for depositors.

The Company monitors its liquidity position on a daily basis. Excess short-term liquidity is usually invested in interest-earning deposits with the Federal Reserve Bank of New York. In the event the Company requires funds beyond its ability to generate them internally, additional sources of funds are available through the use of FHLB advance programs made available to The Bank of Greene County. During the year ended June 30, 2024, The Bank of Greene County's maximum borrowing from the FHLB reached $372.1 million. As of the year ended June 30, 2024, there were $199.1 million of borrowings outstanding with the FHLB. The liquidity position can be significantly impacted on a daily basis by funding needs associated with Greene County Commercial Bank. These funding needs are also impacted by the collection of taxes and state aid for the municipalities using the services of Greene County Commercial Bank.

At June 30, 2024, liquidity measures were as follows:

Cash equivalents/(deposits plus short term borrowings)	7.50%
(Cash equivalents plus unpledged securities)/(deposits plus short term borrowings)	8.43%
(Cash equivalents plus unpledged securities plus additional borrowing capacity)/(deposits plus short term borrowings)	19.04%

Off-balance sheet arrangements. In the normal course of business the Company is party to certain financial instruments, which in accordance with accounting principles generally accepted in the United States, are not included in its Consolidated Statements of Condition. The Company is also a party to certain financial instruments with off balance sheet risk such as commitments under standby letters of credit, unused portions of lines of credit, commitments to fund new loans, interest rate swaps, and risk participation agreements. Loan commitments are agreements by the Company to lend monies at a future date. These loan commitments are subject to the same credit policies and reviews as the Company's loans. The Company records such instruments when funded. Because most of these loan commitments expire within one year from the date of issue, the total amount of these loan commitments as of June 30, 2024, are not necessarily indicative of future cash requirements.

The Company's unfunded loan commitments and unused lines of credit are as follows at June 30, 2024 and 2023:

(In thousands)	2024	2023
Unfunded loan commitments	$ 107,966	$ 124,498
Unused lines of credit	99,176	94,898
Standby letters of credit	754	179
Total commitments	$ 207,896	$ 219,575

The Company anticipates that it will have sufficient funds available to meet current loan commitments and other funding needs based on the level of cash and cash equivalents and borrowing capacity. Certificates of deposit scheduled to mature in one year or less from June 30, 2024 totaled $127.8 million. Based upon the Company's experience and its current pricing strategy, management believes that a significant portion of such deposits will remain with the Company.

The Company has an Irrevocable Letter of Credit Reimbursement Agreement with the 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 above the FDIC insured limit. These letters of credit are secured by residential and commercial real estate mortgage loans. The amount of funds available to the Company through the FHLB line of credit is reduced by any letters of credit outstanding. There were $90.0 million in municipal letters of credit outstanding at June 30, 2024.

Capital Resources. The Company and the Bank considers current needs and future growth, with the sources of capital being the retention of earnings, less dividends paid, and proceeds from the issuance of subordinated debt. The Company believes its current capital is adequate to support ongoing operations. As a result of the consistent earnings throughout the fiscal year, the Company did not push down any additional capital to The Bank of Greene County during the fiscal years ended June 30, 2024 and June 30, 2023. At June 30, 2024 and 2023, The Bank of Greene County and Greene County Commercial Bank exceeded all of their regulatory capital requirements, as illustrated in Part II, Item 8 Financial Statements and Supplementary Data Note 18. *Regulatory Matters* of this Annual Report. Shareholders' equity represented 7.3% and 6.8% of total consolidated assets at June 30, 2024 and 2023, respectively.

IMPACT OF INFLATION AND CHANGING PRICES

The consolidated financial statements of Greene County Bancorp, Inc. and notes thereto, presented elsewhere herein, have been prepared in accordance with U.S. generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time and due to inflation. The impact of inflation is reflected in the increased cost of Greene County Bancorp, Inc.'s operations. Unlike most industrial companies, nearly all the assets and liabilities of Greene County Bancorp, Inc. are monetary. As a result, interest rates have a greater impact on Greene County Bancorp, Inc.'s performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the price of goods and services.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements which may impact the Company's financial statements are discussed within Part II, Item 8 Financial Statements and Supplementary Data, Note 1 *Summary of significant accounting policies* of this Annual Report.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. While the Company's loan portfolio is subject to risks associated with the local economy, the Company's most significant form of market risk is interest rate risk because most of the Company's assets and liabilities are sensitive to changes in market prices and interest rates. Market risk is the risk of loss from adverse changes in market prices and rates. Interest rate risk is the exposure to adverse changes in the net income of the Company as a result of changes in interest rates. The Company's assets consist primarily of mortgage loans, which have longer maturities than the Company's liabilities, which consist primarily of deposits. The Company generally does not engage in any balance sheet derivative-based hedging transactions, such as balance sheet interest rate swaps and caps. Due to the complex nature and additional risk often associated with derivative hedging transactions, such as counterparty risk, it is the Company's policy to continue its strategy of mitigating interest rate risk through balance sheet composition. The Company's interest rate risk management program focuses primarily on evaluating and managing the composition of the Company's assets and liabilities in the context of various interest rate scenarios. Tools used to evaluate and manage interest rate risk include measuring net interest income sensitivity ("NII"), economic value of equity ("EVE") sensitivity and GAP analysis. These standard interest rate risk measures are described more fully below. Factors beyond management's control, such as market interest rates and competition, also have an impact on interest income and interest expense.

In recent years, the Company has followed the following strategies to manage interest rate risk:

(i) maintaining a high level of liquid interest-earning assets such as short-term interest-earning deposits and various investment securities;
(ii) maintaining a high concentration of less interest-rate sensitive and lower-costing core deposits;
(iii) originating consumer installment loans that have up to five-year terms but that have significantly shorter average lives due to early prepayments;
(iv) originating adjustable-rate commercial real estate mortgage loans and commercial loans; and
(v) where possible, matching the funding requirements for fixed-rate residential mortgages with lower-costing core deposits.

By investing in liquid securities, which can be sold to take advantage of interest rate shifts, and originating adjustable rate commercial real estate and commercial loans with shorter average durations, the Company believes it is better positioned to react to changes in market interest rates. Investments in short-term securities, however, generally bear lower yields than longer-term investments. Thus, these strategies may result in lower levels of interest income than would be obtained by investing in longer-term fixed-rate investments.

Net Interest Income Analysis. One of the most significant measures of interest risk is net interest income sensitivity ("NII"). NII is the measurement of the sensitivity of the Company's net interest income to changes in interest rates and is computed for instantaneous rate shocks and a series of rate ramp assumptions. The net interest income sensitivity can be viewed as the exposure to changes in interest rates in the balance sheet as of the report date. The net interest income sensitivity measure does not take into account any future change to the balance sheet. The Company has a relatively low level of NII sensitivity and is well within policy limits in all positive rate shock scenarios. This means that the Company's income exposure to rising rates is projected to be relatively low. The Company's largest risk is a declining rate environment.

The analysis of NII sensitivity is limited by the fact that it does not take into account any future changes in the balance sheet. Therefore, the Company also performs dynamic modeling which utilizes a projected balance sheet and income statement based on budget and planning assumptions and then stress tests those projections in various economic environments and interest rate scenarios. In each economic scenario that is modeled, assumptions pertaining to growth volumes, income, expenses and asset quality are adjusted based on what the likely impact of the economic scenario will be. By incorporating the Company's financial projections into the analysis, the Company can better understand the impact that the implementation of those plans would have on its overall interest rate risk, and thereby better manage its interest rate risk position.

EVE Analysis. Economic value of equity ("EVE") is defined as the present value of all future asset cash flows less the present value of all future liability cash flows, or an estimate of the value of the entire balance sheet. The EVE measure is limited in that it does not take into account any future change to the balance sheet. The following table presents the Company's EVE. The EVE table indicates the market value of assets less the market value of liabilities at each specific rate shock environment. These calculations were based upon assumptions believed to be fundamentally sound, although they may vary from assumptions utilized by other financial institutions. The information set forth below is based on data that included all financial instruments as of June 30, 2024. Assumptions made by the Company relate to interest rates, loan prepayment rates, core deposit duration, and the market values of certain assets and liabilities under the various interest rate scenarios. Actual maturity dates were used for fixed rate loans and certificate accounts. Securities were scheduled at either maturity date or next scheduled call date based upon judgment of whether the particular security would be called based upon the current interest rate environment, as it existed on June 30, 2024. Variable rate loans were scheduled as of their next scheduled interest rate repricing date. Additional assumptions made in the preparation of the EVE table include prepayment rates on loans and mortgage-backed securities. For each interest-bearing core deposit category, a discounted cash flow based upon the decay of each category was calculated and a discount rate applied based on the FHLB fixed rate advance term nearest the average life of the category. The noninterest-bearing category does not use a decay assumption, and the 24 month FHLB advance rate was used as the discount rate. The EVE at "Par" represents the difference between the Company's estimated value of assets and value of liabilities assuming no change in interest rates.

The following sets forth the Company's EVE as of June 30, 2024.

Changes in Market Interest Rates (Basis Points)					
(Dollars in thousands)	Company EVE	$ Change from par	% Change from par	EVE Ratio[1]	Change[2]
+300 bp	$ 208,413	$ (89,336)	(30.00) %	8.25 %	(264) bp
+200 bp	240,142	(57,607)	(19.35)	9.27	(162)
+100 bp	271,966	(25,783)	(8.66)	10.22	(67)
PAR	297,749	-	-	10.89	-
-100 bp	316,184	18,435	6.19	11.26	37
-200 bp	332,390	34,641	11.63	11.54	65

[1] Calculated as the estimated EVE divided by the present value of total assets.
[2] Calculated as the excess (deficiency) of the EVE ratio assuming the indicated change in interest rates over the estimated EVE ratio assuming no change in interest rates.

In the current higher interest rate environment, EVE sensitivity has increased across the industry, as loans and investments were originated and purchased during the historically low rate environment and, as a result the loans and investments have lost market value. EVE sensitivity may continue to increase if rates were to continue to rise, resulting in loans and investments losing further market value. As investments and loans mature, and the funds are reinvested at higher interest rates, the EVE sensitivity should improve. The Company's EVE modeling projects that as of the reporting date and in response to instantaneous rate increases and decreases, the EVE remains within the Company's policy limits. This contemplates instantaneous rate shocks, and would result from the increase in interest rates and the impact it has on the assets and the short-term nature of the Company's liabilities. Management will continue to monitor the EVE sensitivity and take corrective action, when applicable.

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurements. Modeling changes in EVE require the making of certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates.

Gap Analysis. The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabilities are "interest rate sensitive" and by monitoring a company's interest rate sensitivity "gap." An asset or liability is deemed to be interest rate sensitive within a specific time period if it will mature or reprice within that time period. The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets maturing or repricing within a specific time period and the amount of interest-bearing liabilities maturing or repricing within that same time period. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Accordingly, during a period of rising interest rates, an institution with a negative gap position generally would not be in as favorable a position, compared with an institution with a positive gap, to invest in higher-yielding assets. The resulting yield on the institution's assets generally would increase at a slower rate than the increase in its cost of interest-bearing liabilities. Conversely, during a period of falling interest rates, an institution with a negative gap would tend to experience a repricing of its assets at a slower rate than its interest-bearing liabilities which, consequently, would generally result in its net interest income growing at a faster rate than an institution with a positive gap position. At June 30, 2024, the Company's cumulative one-year and three-year gap positions, the difference between the amount of interest-earning assets maturing or repricing within one year and three years and interest-bearing liabilities maturing or repricing within one year and three years, as a percentage of total interest-earning assets were positive 16.03% and 10.69% respectively.

Certain shortcomings are inherent in this method of analysis. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. It should also be noted that interest-bearing core deposit categories, which have no stated maturity date, have an assumed decay rate applied to create a cash flow on those deposit categories for gap purposes. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets such as adjustable-rate loans have features that restrict changes in interest rates both on a short-term basis and over the life of the asset. Further, in the event of changes in interest rates, prepayment and early withdrawal levels would likely deviate significantly from those assumed in calculating the table. Finally, the ability of many borrowers to service their adjustable-rate loans may decrease in the event of an interest rate increase.

ITEM 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2024. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on our assessment, we believe that, as of June 30, 2024, the Company's internal control over financial reporting was effective based on those criteria.

/s/ Donald E Gibson
Donald E. Gibson
President and Chief Executive Officer

/s/ Nick Barzee
Nick Barzee
Senior Vice President,
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Greene County Bancorp, Inc.
Catskill, New York

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial condition of Greene County Bancorp, Inc. (the "Company") as of June 30, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2024, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated September 6, 2024, expressed an unqualified opinion.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company adopted Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as of July 1, 2023.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Critical Audit Matters (Continued)
Allowance for Credit Losses – Loans Collectively Evaluated for Impairment

In accordance with Accounting Standards Update (the "ASU") 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, the Company adopted Accounting Standards Codification ("ASC") 326 as of July 1, 2023 as described in Notes 1 and 4 of the consolidated financial statements. See also explanatory paragraph above. The ASU requires the Company's loan portfolio, measured at amortized cost, to be presented at the net amount expected to be collected. Estimates of expected credit losses for loans are based on evaluation of the size of the portfolio, current risk characteristics, past events, current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience. The Company disclosed the impact of adoption of this standard on July 1, 2023 with a $1.3 million decrease to the allowance for credit losses on loans, a $503,000 increase to the allowance for credit losses on investment securities held-to-maturity, a $1.5 million increase to the allowance for credit losses on unfunded commitment exposures, and a $510,000, net of tax effect, decrease to retained earnings for the cumulative effect adjustment recorded upon adoption. Provision expense for the year ending June 30, 2024 was $766,000 and the allowance for credit losses as of June 30, 2024 was $19.73 million.

The Company's methodology for estimating the allowance for credit losses on loans employs a process and methodology to estimate the ACL on loans that evaluates both quantitative and qualitative factors. The methodology for evaluating quantitative factors consists of two basic components: pooling loans into portfolio segments for loans that share similar risk characteristics and identifying individually analyzed loans that do not share similar risk characteristics with loans that are pooled into portfolio segments.

For the Company's material pooled loan portfolio segments, which are collectively evaluated for impairment, the Company utilizes a discounted cash flow ("DCF") methodology to estimate credit losses over the expected life of the loan. The methodology incorporates a probability of default and loss given default framework. Loss given default is estimated based on historical credit loss experience. Probability of default is estimated utilizing a regression model that incorporates economic factors. The model utilizes forecasted econometric factors with a one-year reasonable and supportable forecast period and one-year straight-line reversion period to estimate the probability of default for each loan portfolio segment. The DCF methodology combines the probability of default, the loss given default, prepayment speeds and the remaining life of the loan to estimate a reserve for each loan.

Quantitative loss factors are also supplemented by certain qualitative risk factors reflecting management's evaluation of various conditions. Management's evaluation of these factors includes a weighted rate and risk range category assigned to each factor. The weighted rates and risk range categories vary between loan segments.

We identified auditing the ACL on loans collectively evaluated for impairment as a critical audit matter because the methodology to determine the estimate for credit losses significantly changed upon adoption of ASC 326, including the application of new accounting policies, the use of subjective judgments for both the quantitative and qualitative calculations and overall changes made to the loss estimation models. Performing audit procedures to evaluate the implementation and subsequent application of ASC 326 for loans involved a high degree of auditor judgment and required significant effort, including the need to involve more experienced audit personnel.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and operating effectiveness of controls over the evaluation of the ACL on loans collectively evaluated for impairment, including controls addressing:
    - Data inputs, judgments and calculations used to determine the qualitative loss factors.
    - Problem loan identification and delinquency monitoring.
    - Management's evaluation of qualitative loss factors.
- Substantively testing management's process, including evaluating their judgments and assumptions, for developing the ACL on loans collectively evaluated for impairment, which included:
    - Evaluating the appropriateness of the Company's accounting policies, judgments and elections involved in the adoption of ASC 326.
    - Testing the mathematical accuracy of the ACL calculation.
    - Testing the relevance and reliability of the data used in the qualitative allocation.
    - Evaluating the reasonableness of management's judgments related to the qualitative loss factors to determine if the loss factors are calculated in accordance with management's policies and were consistently applied from the point of adoption to year end.

We have served as the Company's auditor since 2018.

/s/ Bonadio & Co., LLP
Pittsford, New York
September 6, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Greene County Bancorp, Inc.
Catskill, New York

Opinion on Internal Control over Financial Reporting

We have audited Greene County Bancorp, Inc.'s (the Company's) internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows of the Company, and our report dated September 6, 2024, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Bonadio & Co., LLP
Pittsford, New York
September 6, 2024

Greene County Bancorp, Inc.
Consolidated Statements of Financial Condition
As of June 30, 2024 and 2023
(In thousands, except share and per share amounts)

ASSETS	2024	2023
Cash and due from banks	$ 13,897	$ 15,305
Interest-bearing deposits	176,498	181,140
Total cash and cash equivalents	190,395	196,445
Long-term certificates of deposit	2,831	4,576
Securities available-for-sale, at fair value	350,001	281,133
Securities held-to-maturity, at amortized cost, net of allowance for credit losses of $483 at June 30, 2024	690,354	726,363
Equity securities, at fair value	328	306
Federal Home Loan Bank stock, at cost	7,296	1,682
Loans receivable	1,499,473	1,408,866
Allowance for credit losses on loans(1)	(19,244)	(21,212)
Net loans receivable	1,480,229	1,387,654
Premises and equipment, net	15,606	15,028
Bank-owned life insurance	57,249	55,063
Accrued interest receivable	14,269	12,249
Foreclosed real estate	-	302
Prepaid expenses and other assets	17,230	17,482
Total assets	$ 2,825,788	$ 2,698,283
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	$ 125,442	$ 159,039
Interest bearing deposits	2,263,780	2,278,122
Total deposits	2,389,222	2,437,161
Borrowings, short-term	115,300	-
Borrowings, long-term	34,156	-
Subordinated notes payable, net	49,681	49,495
Accrued expenses and other liabilities	31,429	28,344
Total liabilities	2,619,788	2,515,000
SHAREHOLDERS' EQUITY		
Preferred stock, Authorized - 1,000,000 shares; Issued - None	-	-
Common stock, par value $0.10 per share; Authorized - 36,000,000 shares; Issued – 17,222,680 shares at June 30, 2024 and June 30, 2023 Outstanding –17,026,828 shares at June 30, 2024 and June 30, 2023	1,722	1,722
Additional paid-in capital	10,156	10,156
Retained earnings	214,740	193,721
Accumulated other comprehensive loss	(19,710)	(21,408)
Treasury stock, at cost 195,852 shares at June 30, 2024 and June 30, 2023	(908)	(908)
Total shareholders' equity	206,000	183,283
Total liabilities and shareholders' equity	$ 2,825,788	$ 2,698,283

(1) Effective July 1, 2023, the allowance calculation is based upon the CECL methodology. Prior to July 1, 2023, the allowance calculation was based upon the incurred loss methodology.

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Years Ended June 30, 2024 and 2023
(In thousands, except share and per share amounts)

	2024	2023
Interest income:		
Loans	$ 71,540	$ 60,049
Investment securities - tax exempt	17,594	14,385
Investment securities - taxable	10,507	8,599
Interest-bearing deposits and federal funds sold	4,023	1,592
Total interest income	103,664	84,625
Interest expense:		
Interest on deposits	49,714	20,055
Interest on borrowings	2,971	3,352
Total interest expense	52,685	23,407
Net interest income	50,979	61,218
Provision for credit losses(1)	766	(1,071)
Net interest income after provision for credit losses(1)	50,213	62,289
Noninterest income:		
Service charges on deposit accounts	4,640	4,713
Debit card fees	4,438	4,512
Investment services	1,157	781
E-commerce fees	116	110
Bank-owned life insurance	2,183	1,369
Net loss on sale of securities available-for-sale	-	(251)
Other operating income	1,374	912
Total noninterest income	13,908	12,146
Noninterest expense:		
Salaries and employee benefits	23,836	23,418
Occupancy expense	2,446	2,333
Equipment and furniture expense	710	699
Service and data processing fees	2,386	2,869
Computer software, supplies and support	1,577	1,653
Advertising and promotion	445	498
FDIC insurance premiums	1,289	1,085
Legal and professional fees	1,516	3,024
Other	3,097	3,029
Total noninterest expense	37,302	38,608
Income before provision for income taxes	26,819	35,827
Provision for income taxes	2,050	5,042
Net income	$ 24,769	$ 30,785
Basic earnings per share	$ 1.45	$ 1.81
Basic average shares outstanding	17,026,828	17,026,828
Diluted earnings per share	$ 1.45	$ 1.81
Diluted average shares outstanding	17,026,828	17,026,828
Dividends per share	$ 0.32	$ 0.28

(1) Effective July 1, 2023, the allowance calculation is based upon the CECL methodology. Prior to July 1, 2023, the allowance calculation was based upon the incurred loss methodology.

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Years ended June 30, 2024 and 2023
(In thousands)

	2024	2023
Net Income	$ 24,769	$ 30,785
Other comprehensive income (loss):		
Unrealized holding gains (losses) on securities available-for-sale, gross	1,842	(4,708)
Tax effect	493	(1,261)
Unrealized holding gains (losses) on securities available-for-sale, net	1,349	(3,447)
Reclassification adjustment for loss on sale of securities available-for-sale realized in net income, gross	-	251
Tax effect	-	67
Reclassification adjustment for loss on sale of securities available-for-sale realized in net income, net	-	184
Pension actuarial gain, gross	399	218
Tax effect	107	58
Pension actuarial gain, net	292	160
Amortization of pension actuarial losses recognized in salaries and benefits, gross	77	106
Tax effect	20	28
Amortization of pension actuarial losses recognized in salaries and benefits, net	57	78
Total other comprehensive income (loss), net of taxes	1,698	(3,025)
Comprehensive income	$ 26,467	$ 27,760

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended June 30, 2024 and 2023
(In thousands)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total shareholders' equity
Balance at June 30, 2022	$ 1,722	$ 10,156	$ 165,127	$ (18,383)	$ (908)	$ 157,714
Dividends declared			(2,191)			(2,191)
Net income			30,785			30,785
Other comprehensive loss, net of taxes				(3,025)		(3,025)
Balance at June 30, 2023	$ 1,722	$ 10,156	$ 193,721	$ (21,408)	$ (908)	$ 183,283
Cumulative effect adjustment for ASU 2016-13 Current Expected Credit Losses			(510)			(510)
Dividends declared			(3,240)			(3,240)
Net income			24,769			24,769
Other comprehensive income, net of taxes				1,698		1,698
Balance at June 30, 2024	$ 1,722	$ 10,156	$ 214,740	$ (19,710)	$ (908)	$ 206,000

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023
(In thousands)

	2024	2023
Cash flows from operating activities:		
Net Income	$ 24,769	$ 30,785
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	928	871
Deferred income tax benefit	(74)	(149)
Net amortization of investment premiums and discounts	297	2,418
Net amortization of deferred loan costs and fees	392	259
Amortization of subordinated debt issuance costs	186	185
Provision for credit losses	766	(1,071)
Bank-owned life insurance income	(2,183)	(1,369)
Net loss on sale of securities available-for-sale	-	251
Net gain on equity securities	(22)	(33)
Net (gain) loss on sale of foreclosed real estate	(60)	26
Net increase (decrease) in accrued income taxes	322	(1,121)
Net increase in accrued interest receivable	(2,020)	(3,332)
Net (increase) decrease in prepaid expenses and other assets	(430)	133
Net increase in accrued expenses and other liabilities	2,037	256
Net cash provided by operating activities	24,908	28,109
Cash flows from investing activities:		
Securities available-for-sale:		
Proceeds from maturities	182,232	262,884
Proceeds from sale of securities	-	1,675
Purchases of securities	(279,953)	(154,365)
Proceeds from principal payments on securities	31,162	11,205
Securities held-to-maturity:		
Proceeds from maturities	68,423	70,275
Purchases of securities	(49,633)	(57,596)
Proceeds from principal payments on securities	15,987	21,236
Net (purchase) redemption of Federal Home Loan Bank Stock	(5,614)	5,121
Purchase of long-term certificate of deposit	-	(1,225)
Maturity of long-term certificate of deposit	1,730	735
Surrender of bank owned life insurance	23,100	-
Purchase of bank owned life insurance	(23,104)	-
Net increase in loans receivable	(92,421)	(157,949)
Proceeds from sale of foreclosed real estate	362	202
Purchases of premises and equipment	(1,506)	(1,537)
Net cash (used in) provided by investing activities	(129,235)	661
Cash flows from financing activities:		
Net increase (decrease) in short-term advances	115,300	(123,700)
Proceeds from long-term advances	34,156	-
Payment of cash dividends	(3,240)	(2,191)
Net (decrease) increase in deposits	(47,939)	224,557
Net cash provided by financing activities	98,277	98,666
Net (decrease) increase in cash and cash equivalents	(6,050)	127,436
Cash and cash equivalents at beginning of year	196,445	69,009
Cash and cash equivalents at end of year	$ 190,395	$ 196,445
Non-cash investing activities:		
Foreclosed loans transferred to other real estate	$ -	$ 462
Cash paid during period for:		
Interest	$ 52,070	$ 23,074
Income taxes	$ 1,802	$ 6,312

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Notes to Consolidated Financial Statements

Note 1. Summary of significant accounting policies

Basis of Presentation

The consolidated financial statements include the accounts of Greene County Bancorp, Inc. (the "Company") and its subsidiaries, The Bank of Greene County (the "Bank"), and the Bank's subsidiaries Greene County Commercial Bank (the "Commercial Bank") and Greene Property Holdings, Ltd. All material inter-company accounts and transactions have been eliminated in consolidation. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). These consolidated financial statements consider events that occurred through the date the consolidated financial statements were issued.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and disclosures provided, and actual results could differ.

Nature of Operations

The Company's primary business is the ownership and operation of its subsidiaries. At June 30, 2024, the Company operated 18 full-service banking offices, lending centers, an operations center, customer call center, and a wealth management center located in its market area consisting of the Hudson Valley and Capital District Regions of New York State. The Bank is primarily engaged in the business of attracting deposits from the general public in the Bank's market area, and investing such deposits, together with other sources of funds, in loans and investment securities. The Commercial Bank's primary business is to attract deposits from, and provide banking services to, local municipalities. Greene Property Holdings, Ltd. was formed as a New York corporation that has elected under the Internal Revenue Code to be a real estate investment trust. Currently, certain mortgages and loan notes held by the Bank are transferred and beneficially owned by Greene Property Holdings, Ltd. The Bank continues to service these loans.

Greene Risk Management, Inc. (GRM") was formed in December 2014 as a pooled captive insurance company subsidiary of the Company, incorporated in the State of Nevada. During the fiscal year ended June 30, 2023, management determined to close down GRM due to proposed IRS regulations. The purpose of this company was 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. On June 21, 2023, GRM received a formal surrender of certificate of authority and voluntary withdrawal notice from the State of Nevada, Division of Insurance. The remaining liabilities were settled and assets transferred to Greene County Bancorp Inc., the parent of GRM as of June 28, 2023, and the corporation was formally liquidated under IRS Code 332 as of June 30, 2023.

Charter

The Company and its parent mutual holding company, Greene County Bancorp, MHC (the "MHC") are federally chartered and regulated and examined by the Federal Reserve Board. The Bank, the subsidiary of the Company, is also federally chartered and is regulated and examined by the Office of the Comptroller of the Currency (the "OCC").

The Commercial Bank is a New York State-chartered financial institution, regulated and examined by the New York State Department of Financial Services. Greene Property Holdings, Ltd. is a New York corporation.

As a federal savings association, the Bank must satisfy the qualified thrift lender, or "QTL", requirement by meeting one of two tests: the Home Owners' Loan Act ("HOLA") QTL test or the Internal Revenue Service (IRS) Domestic Building and Loan Association (DBLA) test. The federal savings association may use either test to qualify and may switch from one test to the other.

Under the HOLA QTL test, the Bank must maintain at least 65% of its "portfolio assets" in "qualified thrift investments" in at least nine of the most recent 12-month period. "Portfolio assets" generally means total assets of a savings institution, less the sum of specified liquid assets up to 20% of total assets, goodwill and other intangible assets, and the value of property used in the conduct of the savings association's business.

"Qualified thrift investments" include various types of loans made for residential and housing purposes, investments related to such purposes, including certain mortgage-backed and related securities, and loans for personal, family, household and certain other purposes up to a limit of 20% of portfolio assets. "Qualified thrift investments" also include 100% of an institution's credit card loans, education loans and small business loans. The Bank also may satisfy the QTL test by qualifying as a "domestic building and loan association" as defined in the Internal Revenue Code.

Under the IRS DBLA test, the Bank must meet the business operations test and the 60% of assets test. The business operations test requires that the federal savings association's business consists primarily of acquiring the savings of the public (75% of its deposits, withdrawable shares, and other obligations must be held by the general public) and investing in loans (more than 75% of its gross income consists of interest on loans and government obligations and various other specified types of operating income that federal savings associations ordinarily earn). For the 60% of assets test, the Bank must maintain at least 60% of its total in "qualified investments" as of the close of the taxable year or, at the option of the taxpayer, may be computed on the basis of the average assets outstanding during the taxable year.

A savings association that fails the qualified thrift lender test must either convert to a bank charter or operate under specified restrictions. During the years ended June 30, 2024 and 2023, the Bank elected to utilize the IRS DBLA test and satisfied the requirements of this test.

Segment Reporting

The Company's operations are primarily in the community banking industry. The Company operates in the geographical regions of the Hudson Valley and Capital District Regions of New York State. The core banking segment provides revenues by attracting deposits from the general public and municipalities, and using such funds to originate retail and commercial loans, primarily in the Company's local markets, and to invest in securities. The Company has no reportable operating segments.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits at other financial institutions, and overnight federal funds sold.

Securities

The Company has classified its investments in debt securities as either available-for-sale or held-to-maturity and equity securities. Securities available-for-sale are reported at fair value, with net unrealized gains and losses reflected in the accumulated other comprehensive loss component of shareholders' equity, net of applicable income taxes. Securities held-to-maturity are those debt securities which management has the intent and the ability to hold to maturity and are reported at amortized cost. Equity securities are recorded at fair value, with net unrealized gains and losses recognized in income. The Company does not have trading securities in its portfolio.

Realized gains or losses on security transactions are reported in earnings and computed using the specific identification cost basis. Fair values of securities are based on quoted market prices, where available. Valuation of securities is further described in Note 17, *Fair Value Measurements and Fair Value of Financial Instruments,* of this Annual Report. Amortization of bond premiums and accretion of bond discounts are amortized over the expected life of the securities using the interest method. Dividend and interest income are recognized when collected.

Allowance for Credit Losses on Securities Held-to-Maturity ("HTM")

The Company is required to utilize the CECL approach to estimate expected credit losses. Management measures expected credit losses on HTM debt securities on a collective basis by major security types that share similar risk characteristics. Management classifies the HTM portfolio into the following major security types: U.S. Treasury securities, state and political subdivisions, mortgage-backed securities-residential, mortgage-backed securities-multi-family, corporate debt securities and other securities.

Expected losses are calculated on a pooled basis using a probability of default/loss given default (PD/LGD) model, based on historical credit loss data from a reliable source. Management utilizes municipal and corporate default and loss rates which provides decades of data across all municipal and corporate sectors and geographies. Management may exercise discretion to make adjustments based on environmental factors. The model calculates the expected loss for each security over the contractual life. If the risk of a held-to-maturity debt security no longer matches the collective assessment pool, it is removed and individually assessed for credit deterioration.

U.S. Treasury and mortgage-backed securities are issued by U.S. government entities and agencies. These securities are either explicitly and/or implicitly guaranteed by the U.S. government as to timely repayment of principal and interest, are highly rated by major rating agencies, and have a long history of zero credit losses. Therefore, the Company determined a zero credit loss assumption, and did not calculate or record an allowance for credit loss for these securities.

Allowance for Credit Losses on Securities Available-for-sale ("AFS")

The credit loss model for AFS debt securities requires credit losses to be presented as an allowance rather than a direct write-down of debt securities. AFS debt securities continue to be recorded at fair value with changes in fair value reflected in other comprehensive income. When the fair value of an AFS debt security falls below the amortized cost basis it is evaluated to determine if any of the decline in value is attributable to credit loss. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. The cash flows are estimated using information relevant to the collectability of the security, including information about past events, current conditions and reasonable and supportable forecasts. Decreases in fair value attributable to credit loss are recorded directly to earnings with a corresponding allowance for credit losses, limited to the amount that the fair value is less than the amortized cost basis. If the credit quality subsequently improves, the allowance is reversed up to a maximum of the previously recorded credit losses. When the Company intends to sell an impaired AFS debt security, or if it is more likely than not that the Company will be required to sell the security prior to recovering the amortized cost basis, the entire fair value adjustment will immediately be recognized in earnings with no corresponding allowance for credit losses.

Investments in Federal Home Loan Bank ("FHLB") stock are required for membership and are carried at cost since there is no market value available. The FHLB New York continues to pay dividends and repurchase stock. As such, the Company has not recognized any credit loss on its holdings of FHLB stock.

Loans

Loans are stated at their amortized basis, which is the amount of unpaid principal balance net of deferred loan origination fees and costs. An accounting policy election was made to exclude accrued interest receivable from the amortized cost basis of loans. Interest on loans is accrued and credited to income based upon the principal amount outstanding. Unearned discount or premium on installment loans is recognized as income or expense over the term of the loan, principally using a method that approximates the effective yield method. Nonrefundable loan fees and related direct costs are deferred and amortized over the life of the loan as an adjustment to loan yield using the effective interest method.

Income Recognition on Non-performing and Non-accrual loans

The Company generally places a loan, on nonaccrual status when principal and interest is delinquent for 90 days or more. Any unpaid interest previously accrued on these loans is reversed from income. When a loan is specifically determined to be non-performing, collection of interest and principal are generally applied as a reduction to principal outstanding until the collection of the remaining balance is reasonably assured. Interest income on all nonaccrual loans is recognized on a cash basis.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Effective July 1, 2023, the Company adopted ASU 2022-02 Financial Instruments – Credit Losses (Topic 326) Troubled Debt Restructurings (TDR) and Vintage Disclosures, which superseded existing TDR measurement and disclosures, and added additional disclosure requirements related to modifications made on loans to borrowers experiencing financial difficulty. Under prior guidance, a TDR was deemed to have occurred when the Company modified a loan to a borrower experiencing financial difficulty, and where a concession was made by the Company.

Consistent with ASU 2022-02, the Company now evaluates loan modifications to borrowers experiencing financial difficulty on the basis and extent of their direct impact on contractual cash flows. Modifications under this guidance include interest rate reductions, payment delays, term extensions, or a combination thereof.

Once a loan modification is determined to meet the afore-mentioned criteria, a determination is made as to whether the modification represents the continuation of an existing loan, or a new loan, in accordance with ASC 310-20-35-9 through 11. The Company considers a loan modification to represent the establishment of a new loan if the resulting terms are at least as favorable to the Company as the terms made to other borrowers with similar risk profiles. If a modification is determined to represent a new loan, all unamortized deferred fees and costs are to be recognized through interest income at the time the modification is granted. Modifications that do not meet this criteria shall be considered a continuation of an existing loan, and all unamortized deferred fees and costs will be carried forward as part of the modified loan's basis.

Allowance for Credit Losses on Loans

The Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"), "including all subsequent amendments," approach requires an estimate of the credit losses expected over the life of a loan (or pool of loans). The allowance is a valuation account that is deducted from, the loans' amortized cost basis to present the net, lifetime amount expected to be collected on the loans. Loan losses are charged off against the allowance when management believes a loan balance is confirmed to be uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and amounts expected to be charged-off.

Collateral dependent loans that are on nonaccrual status, with a balance of $250,000 or greater are evaluated on an individual basis and excluded from the pooled loan evaluation. The fair value of collateral for collateral dependent loans less selling costs will be compared to the loan balance to determine if a CECL reserve is required. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs.

The loan portfolio is segmented based on the level at which the Company develops and documents a systematic methodology to determine its allowance for credit losses. Management developed the following segments for estimating loss based on type of borrower and collateral which is generally based upon federal call report segmentation and have been combined as needed to ensure loans of similar risk profiles are appropriately pooled: residential real estate, commercial real estate, home equity, consumer, and commercial loans.

Residential real estate- Residential mortgage and residential construction loans are generally secured by primary liens on the borrower's residential property. Repayment is primarily dependent on the borrowers' primary source of income. Significant risk factors include localized economic conditions that may impact the collateralized property's value, as well employment prospects for borrowers,, regulatory risks specific to housing that may inhibit the Company's ability to pursue means of repayment, and the accuracy of the estimate of the property's value at the completion of construction.

Commercial real estate- Commercial mortgage and commercial construction loans generally are secured by property either occupied and maintained by the borrower or non-owner occupied, rented to a third party tenant and managed by the borrower.. Repayment cash flow includes rental income from the property, cash flows from the operation of the borrower's and tenant businesses, and other income sources from the borrower. Significant risks factors include the borrower's ability to attract and maintain tenants, the borrower's industry, the successful operation of the borrower's and tenant businesses, and the accuracy of the estimate of the property's value at the completion of construction and estimated cost and duration of construction.

Home equity- Retail loans that are generally secured by secondary lien positions on 1-4 family residential real estate. Repayment sources primarily rely on the borrowers' primary source of income, and are determined based on the borrower's equity position in the collateralized property. Default risks are greater, as a borrower is likely to prioritize payments on any outstanding indebtedness on the primary lien position. Additionally, home equity loans are exposed to greater market risk in the event of foreclosure and therefore are more sensitive to changes in underlying collateral valuations. To mitigate this risk the Company, generally does not underwrite terms exceeded 25 years with a loan to value of 85% when the Company holds the first mortgage. If the Company does not hold the first mortgage, these loans are underwritten with an increases interest rate and a lower maximum loan to value ratio of 65%.

Consumer- Retail loans generally consisting of direct loans on new and used automobiles, personal loans that are secured or unsecured, and other consumer installment loans, consisting of passbook loans, unsecured home improvement loans and recreational vehicle loans. Repayment is primarily dependent on borrowers' primary income source. Economic conditions, as well as specific personal skill sets, can influence a borrower's ability to maintain adequate employment to finance these loans.

Commercial- Commercial purpose loans that are generally secured by the assets other than real estate of borrowers businesses. Repayment is primarily the successful operation of the borrower's business. Business assets may have significant variations in collateral values, and the value that may be realized by the Company, should the need to liquidate arise. Commercial loans are generally underwritten for terms not to exceed 20 years and depend primarily on the creditworthiness and cash flow of the borrower and any guarantors.

Management estimates the allowance for credit losses on loans by using relevant information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts that affect the collectability of loans. Historical loss experience was considered by the Company for estimating expected credit losses and determined the need to use peer data, with similar risk profiles, to develop and calculate the CECL reserve models.

Historical credit loss experience for the Company and peer losses by loan segments, provide a foundation for estimating an expected credit loss. The observed credit losses are converted to probability of default ("PD") rate curves through the use of loss given default ("LGD") risk factors that converts default rates to estimated loss for each loan segment. This is based on industry-level, observed relationships between the PD and LGD variables for each segment. The historical PD curves correspond to economic variables through historical economic cycles, which establishes a quantitative relationship between forecasted economic conditions and loan performance.

Using the historical quantitative relationship between economic conditions and loan performance, management developed a model, using selected external economic forecasts that is highly correlated for each loan segment. These forecasts are then applied over a period that management has determined to be reasonable and supportable. Beyond the period over which management can develop or source a reasonable and supportable forecast, the model will revert to long-term average economic conditions using a straight-line methodology.

The allowance for credit losses on loans is measured on a collective basis, when similar risk characteristics are present, with both a quantitative and qualitative analysis that is applied on a quarterly basis. The respective quantitative reserve for each segment is calculated using a PD/LGD modeling methodology, with segment-specific regression models. The discounted cash flows methodology uses expected credit losses estimated over the effective life of each loan by measuring the difference between the net present value of modeled cash flows and amortized cost basis. Contractual cash flows over the contractual life of the loans are the basis for modeled cash flows, adjusted for modeled defaults and expected prepayments and discounted at the loan-level stated interest rate.

Management applies a qualitative adjustment for each segment as of the balance sheet date. The qualitative adjustments include limitations inherent in the quantitative model; changes in lending policies and procedures; changes in international, national, regional, and local economic conditions; changes in the nature and volume of the portfolio and terms of loans; the experience, ability and depth of lending management and staff; changes in the volume and severity of past due loans; changes in value of underlying collateral; existence and effect of any concentrations of credit and changes in the levels of such concentrations; and the effect of external factors; such as competition, legal and regulatory requirements.

Allowance for Credit Losses on Unfunded Commitments

The Company estimates expected credit losses over the contractual period in which the Company has exposure to a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on unfunded commitments exposure is recognized in other liabilities and is adjusted as an expense in other noninterest expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over the estimated contractual life. The Company considers the following segments of unfunded commitments exposure; home equity line of credits, commercial line of credits, consumer loans, the residential and commercial real estate loans committed but not closed and the unfunded portion of the construction loans. The probable funding amount by segment is multiplied by the respective reserve percentage calculated in the allowance for credit losses on loans to calculate a reserve on unfunded commitments.

Foreclosed Real Estate ("FRE")

Foreclosed real estate consists of properties acquired through mortgage loan foreclosure proceedings, deed in lieu of foreclosure or in full or partial satisfaction of loans. FRE is recorded at the estimated fair value of the property less estimated costs to dispose at the time of acquisition to establish a new carrying value. Write downs from the carrying value of the loan to estimated fair value, which are required at the time of foreclosure, are charged to the allowance for credit losses. Subsequent adjustments to the carrying value of such properties resulting from declines in fair value result in the establishment of a valuation allowance and are charged to operations in the period in which the declines occur.

Premises and Equipment

Land is carried at cost, while buildings, equipment, leasehold improvements and furniture are stated at cost less accumulated depreciation and amortization. Depreciation is computed using principally the straight-line method over the estimated useful lives of the related assets, which range from 15 to 50 years for buildings and from 3 to 10 years for equipment and furniture. Amortization of leasehold improvements and leased equipment is recognized using the straight-line method over the shorter of the lease term or the estimated life of the asset. Maintenance and repairs are typically charged to expense when incurred. Gains and losses from sales or other dispositions of premises and equipment are included in consolidated results of operations.

Leases

Leases are classified as operating or finance leases. Lease right-of-use ("ROU") assets and lease liabilities for operating leases are recognized at commencement date based on the present value of lease payments over the lease term, discounted using the Company's incremental borrowing rate. Operating lease ROU assets are recorded in prepaid expenses and other assets while operating lease liabilities are recorded in other liabilities. The Company has not entered into any finance leases. Options to renew or terminate the lease are recognized as part of ROU assets and liabilities when it is reasonably certain the options will be exercised. The Company has lease agreements that contain both lease and non-lease components, such as maintenance costs, which are accounted for separately. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for real estate taxes, insurance, maintenance and utilities which are generally based on a pro rata share of the total property, are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred. In addition, the Company does not recognize ROU assets or lease liabilities for short-term leases with a term of 12 months or less, which are also expensed as incurred.

Bank Owned Life Insurance

The Company has purchased bank-owned life insurance ("BOLI") as an investment vehicle, on certain current and former officers and executive officers. BOLI is recorded at the amount that can be realized under the insurance contracts at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. Changes in the cash surrender value are recorded in non-interest income.

Treasury Stock

Common stock repurchases are recorded at cost and then held as treasury stock. From time to time, the Company may repurchase shares of common stock under an approved plan if, in its judgment, such shares are an attractive investment, in view of the current price at which the common stock is trading relative to the Company's earnings per share, book value per share and general market and economic factors. On September 17, 2019, the Board of Directors of the Company adopted a stock repurchase program. Under the repurchase program, the Company may repurchase up to 400,000 shares of its common stock. Repurchases are made at management's discretion at prices management considers to be attractive and in the best interests of both the Company and its stockholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, and the Company's financial performance. As of June 30, 2024, the Company had repurchased a total of 48,800 shares of the 400,000 shares authorized by the repurchase program.

Federal Home Loan Bank Stock

Federal law requires a member institution of the Federal Home Loan Bank ("FHLB") system to hold stock of its district FHLB according to a predetermined formula. This stock is restricted in that it can only be sold to the FHLB or to another member institution, and all sales of FHLB stock must be at par. As a result of these restrictions, FHLB stock is carried at cost. FHLB stock is held as a long-term investment and its value is determined based on the ultimate recoverability of the par value. Impairment of this investment is evaluated quarterly and is a matter of judgment that reflects management's view of the FHLB's long-term performance, which includes factors such as the following: its operating performance; the severity and duration of declines in the fair value of its net assets related to its capital stock amount; its commitment to make payments required by law or regulation and the level of such payments in relation to its operating performance; the impact of legislative and regulatory changes on the FHLB, and accordingly, on the members of the FHLB; and its liquidity and funding position. After evaluating these considerations, the Company concluded that the par value of its investment in FHLB stock will be recovered and, therefore, no impairment charge was recorded during the years ended June 30, 2024 and 2023.

Revenue Recognition

Accounting Standards Codification ("ASC") 606 does not apply to the majority of the Company's revenue-generating transactions, including revenue generated from financial instruments, such as loans and investment securities which are presented in our consolidated statements of income as components of net interest income. All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within non-interest income, with the exception of net gains and losses from sales of foreclosed real estate, which is recognized within non-interest expense. The following is a summary of revenues subject to ASC 606 for the years ended June 30, 2024 and 2023.

<u>Service Charges on Deposit Accounts</u>: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which included services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are recognized at the time the maintenance occurs. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

<u>Debit Card Interchange Fee Income</u>: The Company earns interchange fees from debit cardholder transactions conducted through the Visa DPS payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to cardholder.

<u>E-commerce income</u>: The Company earns fees for merchant transaction processing services provided to its business customers by a third party service provider. The fees represent a percentage of the monthly transaction activity net of related costs, and are received from the service provider on a monthly basis.

<u>Investment Services Income</u>: The Company earns fees from investment brokerage services provided to its customers by a third-party service provider. The Company receives commissions from the third-party service provider on a monthly basis based upon customer activity for the month. The Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers. Investment brokerage fees are presented net of related costs.

Net Gains/Losses on Sales of Foreclosed Real Estate: The Company records a gain or loss from the sale of foreclosed real estate when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of foreclosed real estate to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the foreclosed real estate asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Advertising

The Company follows a policy of charging the costs of advertising to expense as incurred. Advertising costs included in other operating expenses were \$445,000 and \$498,000 for the years ended June 30, 2024 and 2023, respectively.

Derivatives

The Company enters into interest rate swap agreements that are not designated as hedges for accounting purposes. As the interest rate swap agreements have substantially equivalent and offsetting terms, they do not present any material exposure to the Company's consolidated statements of income. The Company records its interest rate swap agreements at fair value and they are presented on a gross basis within other assets and other liabilities on the consolidated statements of financial condition, as applicable. Changes in the fair value of assets and liabilities arising from these derivatives are included, net, in other operating income in the consolidated statement of income.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of the right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under lines of credit. Such financial instruments are recorded when they are funded. In the normal course of business, the Company utilizes risk participation agreements, which are guarantees issued by the Company to other parties for a fee, whereby the Company agrees to participate in the credit risk of a derivative customer of the other party. Under the terms of these agreements, the "participating bank" receives a fee from the "lead bank" in exchange for the guarantee of reimbursement if the customer defaults on an interest rate swap. The interest rate swap is transacted such that any and all exchanges of interest payments (favorable and unfavorable) are made between the lead bank and the customer. In the event that an early termination of the swap occurs and the customer is unable to make a required close out payment, the participating bank assumes that obligation and is required to make this payment.

Income Taxes

Provisions for income taxes are accounted for under the asset and liability method and based on taxes currently payable or refundable and deferred income taxes on temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are reported at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled.

Earnings Per Share

Basic Earnings Per Share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS is computed in a manner similar to that of basic EPS 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. Unallocated common shares held by the ESOP are not included in the weighted-average number of common shares outstanding for either the basic or diluted EPS calculations. See Note 11, *Earning Per Share*, of this Annual Report.

Comprehensive Income (Loss)

Comprehensive income (loss) represents net income plus other comprehensive income (loss), which consists primarily of the net change in unrealized gains (losses) on AFS debt securities for the period and changes in the funded status of the Company's defined benefit pension plan, net of the related tax effect.

Impact of Recent Accounting Pronouncements

<u>Recent Adopted Accounting Standards</u>

In June 2016, the FASB issued an Update (ASU 2016-13) to its guidance on "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". ASU 2016-13 requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model (referred to as the current expected credit loss (CECL) model). Under this model, entities will estimate credit losses over the entire contractual term of the instrument (considering estimated prepayments, but not expected extensions or modifications) from the date of initial recognition of that instrument. The ASU also replaces the current accounting model for purchased credit impaired loans and debt securities. The allowance for credit losses for purchased financial assets with a more-than insignificant amount of credit deterioration since origination ("PCD assets"), should be determined in a similar manner to other financial assets measured on an amortized cost basis. However, upon initial recognition, the allowance for credit losses is added to the purchase price ("gross up approach") to determine the initial amortized cost basis. The subsequent accounting for PCD financial assets is the same expected loss model described above. Further, the ASU made certain targeted amendments to the existing impairment model for debt securities available-for-sale (AFS). For an AFS debt security for which there is neither the intent nor a more-likely-than-not requirement to sell, an entity will record credit losses as an allowance rather than a write-down of the amortized cost basis. An entity will apply the amendments in this Update through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, which aligns the implementation date for nonpublic entities' annual financial statements with the implementation date for their interim financial statements and clarifies the scope of the guidance in the amendments in ASU 2016-13. In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. The amendments to Topic 326 and other topics in ASU 2019-04 include items related to the amendments in Update 2016-13 discussed at the June 2018 and November 2018 Credit Losses TRG meetings. The amendments clarify or address stakeholders' specific issues about certain aspects of the amendments in Update 2016-13 on a number of different topics, including the following: accrued interest, transfers between classifications or categories for loans and debt securities, recoveries, consideration of prepayments in determining the effective interest rate, consideration of estimated costs to sell when foreclosure is probable, vintage disclosures, line-of-credit arrangements converted to term loans, and contractual extensions and renewals. The effective dates and transition requirements for the amendments related to this Update are the same as the effective dates and transition requirements in Update 2016-13. In November 2019, the FASB issued ASU 2019-11 Codification Improvements to Topic 326 Financial Instruments Credit Losses provides additional clarification to specific issues about certain aspects of the amendments in Update 2016-13 related to measuring the allowance for loan losses under the new guidance.

For public business entities that are U.S. Securities and Exchange Commission (SEC) filers, excluding small reporting companies such as the Company, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In November 2019, FASB issued ASU 2019-10, Financial Instruments – Credit Losses which amends the implementation effective date for small reporting companies, such as the Company, and non-public business entities, for fiscal years beginning after December 15, 2022. All entities may adopt the amendments in this Update earlier as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

The Company adopted CECL on July 1, 2023 ("Day-one") using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after July 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a net decrease to retained earnings of $510,000 as of July 1, 2023 for the cumulative effect of adopting ASC 326. The transition adjustment includes a $1.3 million decrease to the allowance for credit losses on loans, a $503,000 increase to the allowance for credit losses on investment securities held-to-maturity, a $1.5 million increase to the allowance for credit losses on unfunded commitment exposures, and a $186,000 impact to the deferred tax asset. Refer to Note 3, *Securities* and Note 4, *Loans and Allowance for Credit Losses on Loans*, of this Annual Report.

In March 2022, the FASB issued ASU No. 2022-02, amendments related to Troubled Debt Restructurings (TDRs) for all entities after they adopt ASU 2016-13 and amendments related to vintage disclosures that affect public business entities with investments in financing receivables, under Financial Instruments-Credit Losses (Topic 326). The ASU eliminates the guidance on TDRs and requires an evaluation on all loan modifications to determine if they result in a new loan or a continuation of the existing loan. The ASU also requires that entities disclose current-period gross charge-offs by year of origination and eliminates the recognition and measurement guidance for TDRs in Subtopic 310-40. The effective dates for the amendments in this Update are the same as the effective dates in ASU 2016-13. The amendments in this Update should be applied prospectively, except for the transition method related to the recognition and measurement of TDRs. An entity has the option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. The Company adopted this standard on a prospective basis as of July 1, 2023, concurrent with the adoption of ASU 2016-13.

In March 2020, the FASB issued an Update (ASU 2020-04), Reference Rate Reform (Topic 848). On January 7, 2021, the FASB issued (ASU 2021-01), which refines the scope of ASC 848 and clarifies some of its guidance. The ASU and related amendments provide temporary optional expedients and exceptions to the existing guidance for applying GAAP to affected contract modifications and hedge accounting relationships in the transition away from the London Interbank Offered Rate ("LIBOR") or other interbank offered rate on financial reporting. The guidance also allows a one-time election to sell and/or reclassify to AFS or trading HTM debt securities that reference an interest rate affected by reference rate reform. The amendments in this ASU are effective March 12, 2020 through December 31, 2022 and permits relief solely for reference rate reform actions and permits different elections over the effective date for legacy and new activity. The Company adopted the standard during the quarter ended September 30, 2023, and it did not have a material impact on the consolidated financial statements as the Company's LIBOR exposure was minimal and limited to a couple of participation loans and risk participation agreements.

In December 2022, the FASB issued an Update (ASU 2022-06), Reference Rate Reform (Topic 848) Deferral of the Sunset Date of Topic 848. The ASU extends the period of time companies can utilize the reference rate reform relief guidance provided by ASU 2020-04 and ASU 2021-01. The guidance, which was effective upon issuance, defers the sunset date from December 31, 2022 to December 31, 2024, after which companies will no longer be permitted to apply the relief guidance in Topic 848. The adoption did not have a material impact on the consolidated financial statements and related disclosures.

Accounting Standards Issued Not Yet Adopted

In March 2023, the FASB issued ASU 2023-02, *Investments – Equity Method and Joint Ventures* (Topic 323), Accounting for Investments in Tax Credit Structures using the Proportional Amortization Method, which permits reporting entities to elect to account for their tax equity investments, regardless of their tax credit program from which the income tax credits are received. The election can be made for each qualifying tax credit investment. Under the proportional amortization method, the initial cost of an investment is amortized in proportion to the amount of tax credits and other tax benefits received, with the amortization and tax credits recognized as a component of income tax expense. To qualify for the proportional amortization method, all of the following conditions must be met: (1) It is probable that the income tax credits allocated to the tax equity investor will be available; (2) The tax equity investor does not have the ability to excise significant influence over the operating and financial policies of the underlying project; (3) Substantially all of the projected benefits are from income tax credits and other income tax benefits; (4) The tax equity investor's projected yield is based solely on the cash flows from the income tax credits and other income tax benefits is positive; and (5) The tax equity investor is a limited liability investor in the limited liability entity for legal and tax purposes, and the tax equity investor's liability is limited to its capital investment.

A reporting entity that applies the proportional amortization method to qualifying tax equity investments must account for the receipt of the investment tax credits using the flow-through method under Topic 740, Income Taxes. The amendments also require the application of the delayed equity contribution guidance to all tax equity investments, and require specific disclosures that must be applied to all investments that generate income tax credits and other income tax benefits from a tax credit program for which the entity has elected to apply the proportional amortization method in accordance with Subtopic 323-740.

Under the proportional amortization method, the investment shall be tested for impairment when events or changes in circumstances indicate that is more likely than not that the carrying amount of the investment will not be realized. An impairment loss shall be measured as the amount by which the carrying amount of the investment exceeds its fair value. A previously recognized impairment loss shall not be reversed. ASU 2023-02 is effective for fiscal years, and interim periods within those fiscal years, beginning December 15, 2023 with early adoption permitted. The adoption, is not expected to have a material impact on the consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements*, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. The ASU was issued in response to the SEC's August 2018 final rule that updated and simplified disclosure requirements that the SEC believed were redundant, duplicative, overlapping, outdated, or superseded. The new guidance is intended to align GAAP requirements with those of the SEC. The ASU will become effective on the earlier of the date on which the SEC removes its disclosure requirements for the related disclosure or June 30, 2027. Early adoption is not permitted. The adoption, is not expected to have a material impact on the consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, *Improvements to Reportable Segment Disclosures*, to improve the reportable segment disclosures by requiring disclosure of incremental segment information on an annual and interim basis. In addition, the amendments will enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment and contain other disclosure requirements. The amendments in this ASU are effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption, is not expected to have a material impact on the consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*, *Improvements to Income Tax Disclosures,* which will require public entities to disclose annually a tabular rate reconciliation, including specific items such as state and local income tax, tax credits, nontaxable or nondeductible items, among others, and a separate disclosure requiring disaggregation of reconciling items as described above which equal or exceed 5% of the product of multiplying income from continuing operations by the applicable statutory income tax rate. The ASU is effective for annual periods beginning after December 31, 2024. The adoption is not expected to have a material impact on the consolidated financial statements.

Note 2. Balances at other banks

The Bank is required to maintain certain balances with the Federal Reserve Bank which is included in cash and due from banks on the Company's balance sheet. In April 2020, the Board of Governors of the Federal Reserve System announced an interim rule to amend Regulation D requirements and reduce reserve requirement ratios to zero, therefore there was no reserve requirement included in cash and due from banks at June 30, 2024 and June 30, 2023.

Note 3. Securities

The Company's current policies generally limit securities investments to U.S. government and securities of government sponsored enterprises, federal funds sold, municipal bonds, corporate debt obligations, subordinated debt of banks and certain mutual funds. In addition, the Company's policies permit investments in mortgage-backed securities, including securities issued and guaranteed by Fannie Mae, Freddie Mac, and GNMA, and collateralized mortgage obligations issued by these entities. As of June 30, 2024, all mortgage-backed securities including collateralized mortgage obligations were securities of government sponsored enterprises, no private-label mortgage-backed securities or collateralized mortgage obligations were held in the securities portfolio. The Company's investments in state and political subdivisions securities generally are municipal obligations that are general obligations supported by the general taxing authority of the issuer, and in some cases are insured. The obligations issued by school districts are supported by state aid. Primarily, these investments are issued by municipalities within New York State.

The Company's current securities investment strategy utilizes a risk management approach of diversified investing among three categories: short-, intermediate- and long-term. The emphasis of this approach is to increase overall investment securities yields while managing interest rate risk. The Company will only invest in high quality securities as determined by management's analysis at the time of purchase. The Company generally does not engage in any derivative or hedging transactions, such as balance sheet interest rate swaps or caps.

The following tables summarizes the amortized cost and fair value of securities available-for-sale by major type:

	At June 30, 2024			
(In thousands)	Amortized cost[1]	Unrealized gains	Unrealized losses	Fair value
U.S. Treasury securities	$ 43,024	$ -	$ 1,829	$ 41,195
U.S. government sponsored enterprises	13,042	-	2,068	10,974
State and political subdivisions	169,842	828	1	170,669
Mortgage-backed securities-residential	40,402	67	3,894	36,575
Mortgage-backed securities-multi-family	90,261	-	17,961	72,300
Corporate debt securities	19,608	15	1,335	18,288
Total securities available-for-sale	$ 376,179	$ 910	$ 27,088	$ 350,001

	At June 30, 2023			
(In thousands)	Amortized cost[(1)]	Unrealized gains	Unrealized losses	Fair value
U.S. Treasury securities	$ 18,349	$ -	$ 1,849	$ 16,500
U.S. government sponsored enterprises	13,054	-	2,231	10,823
State and political subdivisions	137,343	670	2	138,011
Mortgage-backed securities-residential	29,586	-	3,985	25,601
Mortgage-backed securities-multi-family	91,016	-	18,930	72,086
Corporate debt securities	19,805	-	1,693	18,112
Total securities available-for-sale	$ 309,153	$ 670	$ 28,690	$ 281,133

(1) Amortized cost excludes accrued interest receivable of $4.0 million and $2.9 million at June 30, 2024 and June 30, 2023, respectively, which is included in accrued interest receivable in the consolidated statements of financial condition.

There was no allowance for credit losses on securities available-for-sale at the year ended June 30, 2024.

The following table summarizes the amortized cost, fair value, and the allowance for credit losses on securities held-to-maturity by major type:

	At June 30, 2024					
(In thousands)	Amortized cost[(1)]	Unrealized gains	Unrealized losses	Fair value	Allowance[(2)]	Net carrying value
Securities held-to-maturity:						
U.S. Treasury securities	$ 23,785	$ -	$ 1,749	$ 22,036	$ -	$ 23,785
State and political subdivisions	450,343	4,541	40,235	414,649	44	450,299
Mortgage-backed securities-residential	48,033	51	3,314	44,770	-	48,033
Mortgage-backed securities-multi-family	143,363	-	17,397	125,966	-	143,363
Corporate debt securities	25,282	12	2,505	22,789	438	24,844
Other securities	31	-	-	31	1	30
Total securities held-to-maturity	$ 690,837	$ 4,604	$ 65,200	$ 630,241	$ 483	$ 690,354

	At June 30, 2023					
(In thousands)	Amortized cost[(1)]	Unrealized gains	Unrealized losses	Fair value	Allowance[(2)]	Net carrying value
U.S. Treasury securities	$ 33,705	$ -	$ 2,438	$ 31,267	$ -	$ 33,705
State and political subdivisions	478,756	5,178	30,662	453,272	-	478,756
Mortgage-backed securities-residential	37,186	-	3,625	33,561	-	37,186
Mortgage-backed securities-multi-family	155,046	-	20,324	134,722	-	155,046
Corporate debt securities	21,632	-	3,426	18,206	-	21,632
Other securities	38	-	-	38	-	38
Total securities held-to-maturity	$ 726,363	$ 5,178	$ 60,475	$ 671,066	$ -	$ 726,363

(1)Amortized cost excludes accrued interest receivable of $4.1 million and $3.9 million at June 30, 2024 and June 30, 2023, respectively, which is included in accrued interest receivable in the consolidated statements of financial condition.
(2)Effective July 1, 2023, the allowance calculation is based upon the CECL methodology. Prior to July 1, 2023, the allowance calculation was based upon the incurred loss methodology.

The Company adopted ASU 2016-13 (CECL) as of July 1, 2023. For periods subsequent to adoption, the allowance for credit losses (ACL) is calculated under the CECL methodology and the resulting provision for credit losses includes expected credit losses on securities held-to-maturity. The periods prior to adoption did not have an allowance for credit losses under applicable Generally Accepted Accounting Principles (GAAP) for those periods.

U.S. Treasury and mortgage-backed securities are issued by U.S. government entities and agencies. These securities are either explicitly and/or implicitly guaranteed by the U.S. government as to timely repayment of principal and interest, are highly rated by major rating agencies, and have a long history of zero credit losses. Therefore, the Company determined a zero credit loss assumption, and did not calculate or record an allowance for credit loss for these securities. An allowance for credit losses on investment securities held-to-maturity has been recorded for certain municipal securities issued by state and political subdivisions and corporate debt securities to account for expected lifetime credit loss using the CECL methodology.

Management assesses the change in fair value of investment securities on a regular basis. Unrealized losses may occur from current market conditions, increases in interest rates since the time of purchase and deterioration in credit quality of issuers. Management assesses both qualitative and quantitative factors to determine whether any credit-related allowance is required. There was no allowance for credit losses on securities available-for-sale at the year ended June 30, 2024, as the securities in the portfolio are investment grade, current as to principal and interest and their price changes are consistent with interest and credit spreads when adjusting for convexity, rating, and industry differences.

The following table summarizes the activity in the allowance for credit losses on securities held-to-maturity:

(In thousands)	Year ended June 30, 2024
Balance beginning of period	$ -
Adoption of ASU 2016-13 (CECL) on July 1, 2023	503
Provision (benefit) for credit losses	(20)
Balance end of period	$ 483

The Company adopted CECL on July 1, 2023. There was no allowance for credit losses recorded on held-to-maturity securities as of the year ended June 30, 2023.

The following table shows fair value and gross unrealized losses, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2024.

	Less than 12 months			More than 12 months			Total		
(In thousands, except number of securities)	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
Securities available-for-sale:									
U.S. Treasury securities	$ 24,574	$ 215	1	$ 16,621	$ 1,614	8	$ 41,195	$ 1,829	9
U.S. government sponsored enterprises	-	-	-	10,974	2,068	5	10,974	2,068	5
State and political subdivisions	-	-	-	62	1	1	62	1	1
Mortgage-backed securities-residential	1,913	8	2	22,700	3,886	23	24,613	3,894	25
Mortgage-backed securities-multi-family	-	-	-	72,300	17,961	31	72,300	17,961	31
Corporate debt securities	-	-	-	16,360	1,335	16	16,360	1,335	16
Total securities available-for-sale	26,487	223	3	139,017	26,865	84	165,504	27,088	87
Securities held-to-maturity:									
U.S. Treasury securities	-	-	-	22,036	1,749	7	22,036	1,749	7
State and political subdivisions	32,215	474	294	278,521	39,761	2,025	310,736	40,235	2,319
Mortgage-backed securities-residential	-	-	-	29,510	3,314	28	29,510	3,314	28
Mortgage-backed securities-multi-family	-	-	-	125,966	17,397	47	125,966	17,397	47
Corporate debt securities	-	-	-	20,276	2,505	41	20,276	2,505	41
Total securities held-to-maturity	32,215	474	294	476,309	64,726	2,148	508,524	65,200	2,442
Total securities	$ 58,702	$ 697	297	$ 615,326	$ 91,591	2,232	$ 674,028	$ 92,288	2,529

The following table shows fair value and gross unrealized losses, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2023.

	Less than 12 months			More than 12 months			Total		
(In thousands, except number of securities)	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
Securities available-for-sale:									
U.S. Treasury securities	$ 761	$ 57	2	$ 15,739	$ 1,792	6	$ 16,500	$ 1,849	8
U.S. government sponsored enterprises	-	-	-	10,823	2,231	5	10,823	2,231	5
State and political subdivisions	-	-	-	82	2	1	82	2	1
Mortgage-backed securities-residential	476	29	7	25,125	3,956	21	25,601	3,985	28
Mortgage-backed securities-multi-family	2,679	182	1	69,407	18,748	30	72,086	18,930	31
Corporate debt securities	2,352	40	2	15,760	1,653	15	18,112	1,693	17
Total securities available-for-sale	6,268	308	12	136,936	28,382	78	143,204	28,690	90
Securities held-to-maturity:									
U.S. treasury securities	-	-	-	31,267	2,438	8	31,267	2,438	8
State and political subdivisions	40,412	520	448	295,479	30,142	2,018	335,891	30,662	2,466
Mortgage-backed securities-residential	1,982	120	12	31,579	3,505	18	33,561	3,625	30
Mortgage-backed securities-multi-family	5,362	245	2	129,360	20,079	54	134,722	20,324	56
Corporate debt securities	10,236	2,012	9	7,970	1,414	10	18,206	3,426	19
Total securities held-to-maturity	57,992	2,897	471	495,655	57,578	2,108	553,647	60,475	2,579
Total securities	$ 64,260	$ 3,205	483	$ 632,591	$ 85,960	2,186	$ 696,851	$ 89,165	2,669

There were no transfers of securities available-for-sale to held-to-maturity during the year ended June 30, 2024 or 2023. During the year ended June 30, 2024, there were no sales of securities and no gains or losses recognized. During the year ended June 30, 2023, a loss of $251,000 was recognized from a sale of one security available-for-sale. The proceeds were used to fund higher-yielding loans.

The estimated fair values of debt securities at June 30, 2024, by contractual maturity are shown below. Expected maturities may differ from contractual maturities, because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)		
Securities available-for-sale	Amortized cost	Fair value
Within one year	$ 195,839	$ 196,431
After one year through five years	39,264	36,207
After five years through ten years	8,913	7,295
After ten years	1,500	1,193
Total securities available-for-sale	245,516	241,126
Mortgage-backed and asset-backed securities	130,663	108,875
Total securities available-for-sale	376,179	350,001
Securities held-to-maturity		
Within one year	56,992	56,196
After one year through five years	156,431	151,325
After five years through ten years	171,167	153,881
After ten years	114,851	98,103
Total securities held-to-maturity	499,441	459,505
Mortgage-backed securities	191,396	170,736
Total securities held-to-maturity	690,837	630,241
Total securities	$ 1,067,016	$ 980,242

As of June 30, 2024 and 2023, respectively, securities with an aggregate fair value of $894.5 million and $904.8 million were pledged as collateral for deposits in excess of FDIC insurance limits for various municipalities placing deposits with the Commercial Bank. As of June 30, 2024 and 2023, securities with an aggregate fair value of $40.0 million and $20.8 million, respectively, were pledged as collateral for potential borrowings at the Federal Reserve Bank discount window and the Bank Term Funding Program. The Company did not participate in any securities lending programs during the years ended June 30, 2024 or 2023.

Note 4. Loans and Allowance for Credit Losses on Loans

The Company adopted ASU 2016-13 (CECL) effective July 1, 2023. The loan segmentation has been redefined under CECL and therefore prior year tables are presented separately.

Loan segments and classes at June 30, 2024 are summarized as follows:

(In thousands)	June 30, 2024
Residential real estate	$ 417,589
Commercial real estate	936,640
Home equity	29,166
Consumer	4,771
Commercial	111,307
Total gross loans[(1)(2)]	1,499,473
Allowance for credit losses on loans[(3)]	(19,244)
Loans receivable, net	$ 1,480,229

(1) Loan balances include net deferred fees/cost of $(42,000) at June 30, 2024.
(2) Loan balances exclude accrued interest receivable of $6.2 million at June 30, 2024, which is included in accrued interest receivable in the consolidated statement of financial condition.
(3) Effective July 1, 2023, the allowance calculation is based upon the CECL methodology. Prior to July 1, 2023, the allowance calculation was based upon the incurred loss methodology.

At June 30, 2024 and 2023, loans to related parties including officers and directors were immaterial as a percentage of our loan portfolio.

Non-accrual Loans

Management places loans on non-accrual status once the loans have become 90 days or more delinquent. A non-accrual 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 non-accrual. Loans on non-accrual status totaled $3.7 million at June 30, 2024 of which there were four residential real estate loans totaling $686,000 and three commercial real estate loans totaling $1.6 million in the process of foreclosure. At June 30, 2024, there were three commercial real estate loans totaling $1.5 million and four residential real estate loans totaling $596,000 in the process of foreclosure. Included in non-accrual loans were $3.7 million of loans which were less than 90 days past due at June 30, 2024, 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. Loans on non-accrual status totaled $5.5 million at June 30, 2023 of which $2.0 million were in the process of foreclosure. At June 30, 2023, there were three residential real estate loans totaling $625,000 and two commercial real estate loans totaling $1.4 million in the process of foreclosure. Included in non-accrual loans were $3.1 million of loans which were less than 90 days past due at June 30, 2023, but have a recent history of delinquency greater than 90 days past due. These loans will be returned to accrual status once they have demonstrated a history of timely payments.

The following table sets forth information regarding delinquent and/or non-accrual loans as of June 30, 2024:

(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 real estate	$ -	$ 838	1,414	$ 2,252	$ 415,337	$ 417,589	$ 2,518
Commercial real estate	-	-	806	806	935,834	936,640	1,163
Home equity	14	-	47	61	29,105	29,166	47
Consumer	47	6	-	53	4,718	4,771	-
Commercial	-	-	-	-	111,307	111,307	-
Total gross loans	$ 61	$ 844	2,267	$ 3,172	$ 1,496,301	$ 1,499,473	$ 3,728

The Company had no accruing loans delinquent 90 days or more at June 30, 2024 and June 30, 2023. The borrowers have made arrangements with the Bank to bring the loans current within a specified time period and have made a series of payments as agreed.

Allowance for Credit Losses on Loans

The Company's July 1, 2023 adoption of CECL resulted in a significant change to our methodology for estimating the allowance for credit losses. The allowance for credit losses for the loan portfolio is established through a provision for credit losses based on the results of life of loan quantitative models, reserves associated with collateral-dependent loans evaluated individually and adjustments for the impact of current economic conditions not accounted for in the quantitative models. The discounted cash flow methodology is used to calculate the CECL reserve for the residential real estate, commercial real estate, home equity and commercial loan segments. The Company uses a four-quarter reasonable and supportable forecast period based on the one year percent change in national GDP and the national unemployment rate, as economic variables. The forecast will revert to long-term economic conditions over a four-quarter reversion period on a straight-line basis. The remaining life method will be utilized to determine the CECL reserve for the consumer loan segment. A qualitative factor framework has been developed to adjust the quantitative loss rates for asset-specific risk characteristics or current conditions at the reporting date. The Company elected to use the practical expedient to evaluate loans individually, if they are collateral dependent loans that are on nonaccrual status with a balance of $250,000 or greater, which is consistent with regulatory requirements. The fair value of the collateral dependent loan less selling expenses will be compared to the loan balance to determine if a CECL reserve is required. While management uses available information to recognize losses on loans, additions or reductions to the allowance may fluctuate from one reporting period to another. These fluctuations are reflective of changes in the reasonable and supportable forecast, analysis of loans evaluated individually, and/or changes in management's assessment of the qualitative factors.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses. Such agencies may require the Company to recognize additions to the allowance based on their judgment about information available to them at the time of their examination. The Company 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 Company 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 credit losses, unless equitable arrangements are made. Included within consumer loan charge-offs and recoveries are deposit accounts that have been overdrawn in excess of 60 days. 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 credit losses is increased by a provision for credit losses (which results in a charge to expense) and recoveries of loans previously charged off, and is reduced by charge-offs.

The following tables set forth the activity and allocation of the allowance for credit losses on loans by segment:

	Activity for the years ended June 30, 2024					
(In thousands)	Residential real estate	Commercial real estate	Home equity	Consumer	Commercial	Total
Balance at June 30, 2023	$ 2,794	$ 14,839	$ 46	$ 332	$ 3,201	$ 21,212
Adoption of ASU No. 2016-13	1,182	(2,889)	117	137	121	(1,332)
Charge-offs	-	-	-	(481)	(1,152)	(1,633)
Recoveries	-	3	-	142	66	211
Provision	261	265	49	370	(159)	786
Balance at June 30, 2024	$ 4,237	$ 12,218	$ 212	$ 500	$ 2,077	$ 19,244

The allowance for credit losses on unfunded commitments as of June 30, 2024 was $1.3 million.

Credit monitoring process

Management closely monitors the quality of the loan portfolio and has established a loan review process designed to help monitor any change in borrower risk during the life cycle of their loan. The Company utilizes a credit quality grading system that is used at loan inception and updated as appropriate based on an annual review process. The credit quality grade helps management make a consistent assessment of each loan relationship's credit risk and identify any portfolio trends that could impact profitability. Consistent with regulatory guidelines, the Company provides for classification of loans, such as "Pass," Special Mention," "Substandard," "Doubtful" and "Loss" classifications.

Commercial grading system

Loss

Loss ratings are loans that are considered uncollectible and of such little value that their continuance as active assets of the Company is not warranted. Loss rating does not necessarily mean that the loan has no recovery or salvage value, however, it is not practical or desirable to defer charging off the loan.

Doubtful

Doubtful ratings are loans that have all the weakness inherent in loans classified as substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable. Doubtful ratings generally are non-performing and considered to have a high risk of default.

Substandard

Substandard ratings are loans that possess well defined weaknesses that jeopardize the orderly liquidation of debt, and are characterized by the distinct possibility that the Company will sustain some loss, if the deficiencies are not corrected. Substandard ratings are inadequately protected by the current sound worth and paying capacity of the borrower or the collateral pledged, if any.

Special mention

Special mention ratings are loans that have potential weaknesses or emerging problems which require close attention. These weaknesses, if left uncorrected, could lead to deterioration in the repayment prospects for the loan or the Company's collateral position in the future. Special mention loans are less risky than substandard assets as no loss of principal or interest is anticipated unless, the potential problems continue for a prolonged basis.

Pass

Pass ratings are loans that do not encompass loans graded as Loss, Doubtful, Substandard, or Special mention. Pass loans range from Pass/Watch, Acceptable, Average, Satisfactory, Good and Excellent. Pass loans demonstrate sufficient cash flow to ensure full repayment of the loan with Pass ratings being determined by the quality of the collateral and equity position, stability of operations or management, and the guarantors.

Residential and consumer grading system

Residential real estate, home equity and consumer loans are graded as either non-performing or performing.

Non-performing

Nonperforming loans are loans in which the borrower has not made the scheduled payments of principal or interest, and are generally loans over 90 days past due and still accruing interest, and loans on nonaccrual status.

Performing

Performing loans are those loans in which the borrower is making timely payments of both principal and interest as upon the agreed loan terms.

The following tables illustrate the Company's credit quality by loan class by vintage:

	At June 30, 2024								
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
Residential real estate									
By payment activity status:									
Performing	$ 55,070	$ 62,643	$ 92,995	$ 79,815	$ 32,588	$ 91,936	$ -	$ 24	$ 415,071
Non-performing	-	-	-	185	169	2,164	-	-	2,518
Total residential real estate	55,070	62,643	92,995	80,000	32,757	94,100	-	24	417,589
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Commercial real estate									
By internally assigned grade:									
Pass	103,537	210,652	242,917	126,135	79,431	135,928	4,716	363	903,679
Special mention	-	1,188	2,468	295	430	4,102	-	-	8,483
Substandard	329	1,680	3,493	158	4,046	14,772	-	-	24,478
Total commercial real estate	103,866	213,520	248,878	126,588	83,907	154,802	4,716	363	936,640
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Home equity									
By payment activity status:									
Performing	5,929	2,888	336	429	266	1,128	18,143	-	29,119
Non-performing	-	-	-	-	-	-	47	-	47
Total home equity	5,929	2,888	336	429	266	1,128	18,190	-	29,166
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Consumer									
By payment activity status:									
Performing	2,363	1,217	689	277	83	65	77	-	4,771
Non-performing	-	-	-	-	-	-	-	-	-
Total Consumer	2,363	1,217	689	277	83	65	77	-	4,771
Current period gross charge-offs	393	22	49	7	1	-	9	-	481
Commercial									
By internally assigned grade:									
Pass	12,761	8,919	12,845	14,587	4,934	15,280	32,001	636	101,963
Special mention	-	-	78	-	35	834	3,893	-	4,840
Substandard	-	-	1,765	34	165	265	2,275	-	4,504
Total Commercial	$ 12,761	$ 8,919	$ 14,688	$ 14,621	$ 5,134	$ 16,379	$ 38,169	$ 636	$ 111,307
Current period gross charge-offs	$ -	$ -	$ -	$ 989	$ -	$ 137	$ 26	$ -	$ 1,152

The Company had no loans classified doubtful or loss at June 30, 2024 or June 30, 2023. During the year ended June 30, 2024, the Company downgraded 12 commercial and commercial real estate relationships from special mention to substandard, and downgraded 14 commercial and commercial real estate relationships from pass to special mention, due to the deterioration in the borrower cash flows and financial performance. This was offset by 14 commercial and commercial real estate relationships that were either upgraded, paid-off, or charged-off during the year ended June 30, 2024. During the year ended June 30, 2023, the Company further downgraded commercial real estate, commercial loans, and residential loans from pass and special mention to substandard due to deterioration in borrower cash flows, delinquent payments and further financial deterioration or not improving financial performance. Management continues to monitor these loan relationships closely. In total, there were seven commercial real estate loan relationships, two commercial loan relationship and three residential loans that have been downgraded to substandard, and there were nine commercial real estate loan relationships, three commercial loan relationship and two residential loans that have been downgraded to special mention during the year ended June 30, 2023. At June 30, 2023, these loans were all performing. The Company upgraded one commercial real estate relationship and one residential loan to pass, and one commercial real estate relationship to special mention during the year ended June 30, 2023. This was due to improvements in cash flows, timely payments and improving financial performance.

Individually Evaluated Loans

As of June 30, 2024, loans evaluated individually had an amortized cost basis of $1.4 million, with an allowance for credit losses on loans of $662,000. At June 30, 2024, the amortized cost basis of collateral dependent loans was $631,000 and $774,000 for commercial real estate and residential loans, respectively. The allowance for credit loss for collateral dependent loans is individually assesses based on the fair value of the collateral less costs to sell at the reporting date. At June 30, 2024, the collateral value associated with collateral dependent loans was $662,000.

Loan Modifications to Borrowers Experiencing Financial Difficulties

On July 1, 2023, the Company adopted ASU 2022-02, which eliminated the recognition and measurement of TDRs and enhanced the disclosure requirements for certain loan modifications for borrowers experiencing financial difficulty.

With the adoption of ASU 2022-02 loan modifications require enhanced reporting on the type of modifications granted and the financial magnitude of the concessions granted. When the Company modifies a loan for borrowers experiencing financial difficulty, such modifications generally include one or a combination of the following: an extension of the maturity date; a stated rate of interest not at the market rate for new debt with similar risk; a change in the scheduled payment amount; or principal forgiveness. The Company works with loan customers experiencing financial difficulty and may enter into loan modifications to achieve the best mutual outcome given the financial circumstances of the borrower.

The following tables present the amortized cost basis of the loans modified to borrowers experiencing financial difficulty by type of concession granted:

	For the year ended June 30, 2024			
	Term extension		Term extension and interest rate reduction	
(Dollars in thousands)	Amortized cost	Percentage of total class	Amortized cost	Percentage of total class
Commercial real estate	$ 3,948	0.43 %	$ 130	0.01 %
Consumer	19	0.39 %	-	-
Total	$ 3,967		$ 130	

The following table presents the financial effect of the modifications made to borrowers experiencing financial difficulty:

	For the year ended June 30, 2024	
Loan type	Term extension	Interest rate reduction
Commercial real estate	Added a weighted-average 9 months to the life of the loans	Interest rates were reduced by an average of 1.75%
Consumer	Added a weighted-average 18 months to the life of the loan	

The Company closely monitors the performance of loans that are modified in accordance with ASU 2022-02. Loans modified during the year ended June 30, 2024 are performing within their modified terms.

Loans serving as collateral

Loans designated as qualified collateral and pledged for borrowing and stand-by letters of credit to the Federal Home Loan Bank of New York ("FHLB") amounted to approximately $601.6 million and $573.5 million of its residential and commercial mortgage portfolios at June 30, 2024 and June 30, 2023, respectively.

Foreclosed real estate (FRE)

Foreclosed real estate consists of properties acquired through mortgage loan foreclosure proceedings or in full or partial satisfaction of loans. The following table sets forth information regarding FRE as of June 30, 2024 and 2023:

(In thousands)	2024	2023
Commercial loans	$ -	$ 302
Total foreclosed real estate	$ -	$ 302

Prior to the adoption of ASU 2016-13 (CECL)

Prior to July 1, 2023, the Company calculated the allowance for loan losses using the incurred loss methodology. The following tables are disclosures related to the allowance for loan losses in prior periods.

Loan segments and classes at June 30, 2023 are summarized as follows:

(In thousands)	June 30, 2023
Residential real estate:	
Residential real estate	$ 372,443
Residential construction and land	19,072
Multi-family	66,496
Commercial real estate:	
Commercial real estate	693,436
Commercial construction	121,958
Consumer loan:	
Home equity	22,752
Consumer installment	4,612
Commercial loans	108,022
Total gross loans(1)	1,408,791
Allowance for loan losses	(21,212)
Deferred fees and cost, net	75
Loans receivable, net	$ 1,387,654

(1) Loan balances exclude accrued interest receivable of $5.5 million at June 30, 2023, which is included in accrued interest receivable in the consolidated statement of financial condition.

Credit Quality Indicators

Loan balances by internal credit quality indicator at June 30, 2023:

(In thousands)	Performing	Special mention	Substandard	Total
Residential real estate	$ 366,403	$ 2,305	$ 3,735	$ 372,443
Residential construction and land	19,072	-	-	19,072
Multi-family	66,410	86	-	66,496
Commercial real estate	665,548	11,671	16,217	693,436
Commercial construction	121,958	-	-	121,958
Home equity	22,698	-	54	22,752
Consumer installment	4,530	-	82	4,612
Commercial loans	100,225	2,352	5,445	108,022
Total gross loans	$ 1,366,844	$ 16,414	$ 25,533	$ 1,408,791

Nonaccrual Loans

The following table sets forth information regarding delinquent and/or non-accrual loans as of June 30, 2023:

(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 real estate	$ -	$ 504	$ 1,604	$ 2,108	$ 370,335	$ 372,443	$ 2,747
Residential construction and land	-	-	-	-	19,072	19,072	-
Multi-family	-	-	-	-	66,496	66,496	-
Commercial real estate	-	235	652	887	692,549	693,436	1,318
Commercial construction	-	-	-	-	121,958	121,958	-
Home equity	48	-	13	61	22,691	22,752	54
Consumer installment	63	1	63	127	4,485	4,612	63
Commercial loans	-	-	19	19	108,003	108,022	1,276
Total gross loans	$ 111	$ 740	$ 2,351	$ 3,202	$ 1,405,589	$ 1,408,791	$ 5,458

The Company had no accruing loans delinquent 90 days or more at June 30, 2023. The borrowers have made arrangements with the Bank to bring the loans current within a specified time period and have made a series of payments as agreed.

Impaired Loan Analysis

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

	As of June 30, 2023			For the year ended June 30, 2023	
(In thousands)	Recorded Investment	Unpaid Principal	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate	$ 1,020	$ 1,020	$ -	$ 876	$ 5
Commercial real estate	1,518	1,518	-	678	48
Home equity	-	-	-	75	-
Consumer installment	-	-	-	3	1
Commercial loans	334	334	-	340	16
Impaired loans with no allowance	2,872	2,872	-	1,972	70
With an allowance recorded:					
Residential real estate	2,086	2,086	597	2,241	19
Commercial real estate	3,777	3,777	245	3,666	197
Home equity	-	-	-	80	4
Commercial Loans	1,572	1,572	1,171	2,252	37
Impaired loans with allowance	7,435	7,435	2,013	8,239	257
Total impaired:					
Residential real estate	3,106	3,106	597	3,117	24
Commercial real estate	5,295	5,295	245	4,344	245
Home equity	-	-	-	155	4
Consumer installment	-	-	-	3	1
Commercial loans	1,906	1,906	1,171	2,592	53
Total impaired loans	$ 10,307	$ 10,307	$ 2,013	$ 10,211	$ 327

Prior to the adoption of ASU 2022-02 on July 1, 2023, the Company accounted for loan modifications to borrowers experiencing financial difficulty when concessions were granted as TDRs. The following tables are disclosures related to TDRs in prior periods.

The table below details loans that have been modified as a troubled debt restructuring during the year ended June 30, 2023.

(Dollars in thousands)	Number of contracts	Pre-Modification outstanding recorded investment	Post-Modification outstanding recorded investment	Current outstanding recorded investment
For the year ended June 30, 2023				
Residential real estate	2	$ 778	$ 778	$ 778
Commercial real estate	3	$ 1,428	$ 1,480	$ 1,470
Commercial loans	1	$ 379	$ 379	$ -

There was one commercial loan in the amount of $379,000 that had been modified as a troubled debt restructuring during the three months ended September 30, 2022 that subsequently defaulted during the quarter ended March 31, 2023. There were no other loans that had been modified as a troubled debt restructuring during the twelve months prior to June 30, 2022, which have subsequently defaulted during the twelve months ended June 30, 2023.

Allowance for Loan Losses

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

	Activity for the year ended June 30, 2023				
(In thousands)	Balance June 30, 2022	Charge-offs	Recoveries	Provision	Balance June 30, 2023
Residential real estate	$ 2,373	$ -	$ 6	$ 234	$ 2,613
Residential construction and land	141	-	-	40	181
Multi-family	119	-	-	78	197
Commercial real estate	16,221	9	4	(3,196)	13,020
Commercial construction	1,114	-	-	508	1,622
Home equity	89	-	-	(43)	46
Consumer installment	349	535	141	377	332
Commercial loans	2,355	120	35	931	3,201
Total	$ 22,761	$ 664	$ 186	$ (1,071)	$ 21,212

	Allowance for loan losses Ending balance June 30, 2023 Impairment analysis		Loans receivable Ending balance June 30, 2023 Impairment analysis	
(In thousands)	Individually evaluated	Collectively evaluated	Individually evaluated	Collectively evaluated
Residential real estate	$ 597	$ 2,016	$ 3,106	$ 369,337
Residential construction and land	-	181	-	19,072
Multi-family	-	197	-	66,496
Commercial real estate	245	12,775	5,295	688,141
Commercial construction	-	1,622	-	121,958
Home equity	-	46	-	22,752
Consumer installment	-	332	-	4,612
Commercial loans	1,171	2,030	1,906	106,116
Total	$ 2,013	$ 19,199	$ 10,307	$ 1,398,484

Note 5. Premises and Equipment

A summary of premises and equipment at June 30, 2024 and 2023, is as follows:

(In thousands)	2024	2023
Land	$ 2,916	$ 2,916
Building and improvements	20,313	20,126
Furniture and equipment	4,263	5,814
Less: accumulated depreciation	(11,886)	(13,828)
Total premises and equipment	$ 15,606	$ 15,028

Depreciation expense was $928,000 and $871,000 for the years ended June 30, 2024 and 2023, respectively.

Note 6. Deposits

Major classifications of deposits at June 30, 2024 and 2023 are summarized as follows:

(In thousands)	2024	2023
Noninterest-bearing deposits	$ 125,442	$ 159,039
Certificates of deposit	138,493	128,077
Savings deposits	252,362	299,038
Money market deposits	113,266	115,029
NOW deposits	1,759,659	1,735,978
Total deposits	$ 2,389,222	$ 2,437,161

Advance payments by borrowers for taxes and insurance totaled $10.0 million at June 30, 2024 and 2023, respectively, which are included in savings deposits.

The Bank and Commercial Bank (the "Banks") accepts brokered deposits, generally in denominations of less than $250,000, from national brokerage networks, custodial deposit networks or through IntraFi's one-way CDARS and ICS products, including IntraFi's Insured Network Deposits ("IND"). The Banks combined can place and obtain brokered deposits up to 30% of total deposits, in the amount of $716.8 million based on policy. Additionally, both Banks participate in the IntraFi reciprocal ("two-way") CDARS and the ICS products, which provides for reciprocal two-way transactions among other institutions, facilitated by IntraFi, for the purpose of maximizing FDIC insurance for depositors.

The Company had zero brokered deposits as of June 30, 2024 and $60.0 million as of June 30, 2023, which was included in certificates of deposits. The Company maintains and utilizes brokered deposits from several available sources as an alternative to borrowed funds, and uses the funds to support loan growth, overall liquidity and a higher cash position.

The Bank held deposits of $13.3 million and $66.4 million as of June 30, 2024 and 2023, respectively, for related-parties, which primarily consisted of directors and their affiliates.

The following indicates the amount of certificates of deposit by time remaining to maturity as of June 30, 2024.

(In thousands)	3 Months or Less	3 to 6 Months	7 to 12 Months	Over 12 Months	Total
Certificates of deposit less than $250,000	$ 29,496	$ 45,086	$ 19,243	$ 6,272	$ 100,097
Certificates of deposit $250,000 or more	11,863	19,470	2,666	4,397	38,396
Total certificates of deposit	$ 41,359	$ 64,556	$ 21,909	$ 10,669	$ 138,493

Scheduled maturities of certificates of deposit at June 30, 2024 were as follows:

(In thousands)		
The year ended June 30,		
2025	$	127,824
2026		1,476
2027		790
2028		7,559
2029		844
	$	138,493

Note 7. Borrowings

At June 30, 2024, the Bank had pledged approximately $601.6 million of its residential and commercial mortgage portfolios as collateral for borrowings and irrevocable municipal letters of credit at the Federal Home Loan Bank of New York (“FHLB”). The maximum amount of funding available from the FHLB was $372.1 million at June 30, 2024, of which there were $9.2 million long-term fixed rate borrowings, $90.0 million irrevocable municipal letters of credit and $115.3 million in overnight borrowings outstanding at June 30, 2024. At June 30, 2023, the Bank had zero overnight or long-term borrowings outstanding and $110.0 million in irrevocable municipal letters of credit at the FHLB. Interest rates on overnight borrowings are determined at the time of borrowing. The irrevocable municipal letters of credit with the FHLB have been issued to secure municipal transactional deposit accounts, on behalf of Greene County Commercial Bank.

The FHLB term borrowings include long-term fixed rate borrowings from the “FHLB 0% Development Advance (ZDA) Program.” The Company receives a corresponding credit related to the FHLB term fixed rate borrowings, which effectively reduces the interest rate paid to zero percent. At June 30, 2024, the Bank had a FHLB long-term fixed rate borrowing of $4.4 million at a stated rate of 5.7%, maturing September 2024, and a FHLB long-term fixed rate borrowing of $4.8 million at a stated rate of 5.2%, maturing March 2025.

The Bank also pledges securities and certificates of deposit as collateral at the Federal Reserve Bank discount window for overnight borrowings and the “Bank Term Funding Program” (BTFP). The BTFP was established by the Federal Reserve Bank to provide additional funding to eligible depository institutions to meet the needs of their depositors. At June 30, 2024, approximately $46.7 million of collateral was available to be pledged against potential borrowings at the Federal Reserve Bank discount window and the BTFP, of which there were zero overnight borrowings outstanding with the discount window and $25.0 million outstanding with the BTFP. At June 30, 2023, there were zero overnight borrowings outstanding with the discount window and zero outstanding with the BTFP.

At June 30, 2024, the BTFP consisted of $25.0 million long-term borrowing at a stated rate of 4.8%, maturing in January 2025.

The Bank has established unsecured lines of credit with Atlantic Community Bankers Bank for $15.0 million and three other financial institutions for $75.0 million. The lines of credit provide for overnight borrowing and the interest rate is determined at the time of the borrowing. There were zero borrowings outstanding with these lines of credit for the Bank at June 30, 2024 and June 30, 2023.

On September 17, 2020, the Company entered into Subordinated Note Purchase Agreements (“SNPA”) with 14 qualified institutional investors, issued at 4.75% Fixed-to-Floating Rate due September 17, 2030, in the aggregate principal amount of $20.0 million, carried net of issuance costs of $424,000 amortized over a period of 60 months. These notes are callable on September 15, 2025. At June 30, 2024, there were $19.9 million of these SNPAs outstanding, net of issuance costs.

On September 15, 2021, the Company entered into SNPAs with 18 qualified institutional investors, issued at 3.00% Fixed-to-Floating Rate due September 15, 2031, in the aggregate principal amount of $30.0 million, carried net of issuance costs of $499,000 amortized over a period of 60 months. These notes are callable on September 15, 2026. At June 30, 2024, there were $29.8 million of these SNPAs outstanding, net of issuance costs.

The sales of the SNPAs were made in a private placement to accredited investors under the exemption from registration provided under Securities and Exchange Commission Rule 506. The Notes are not registered under the Securities Act of 1933, as amended ("Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

For regulatory purposes, the Company allocated the SNPAs to The Bank of Greene County to qualify as Tier 1 capital subject to a 25% of capital limitation under risk-based capital guidelines. The portion that exceeds the 25% of capital limitation qualifies as Tier 2 capital.

At June 30, 2024, there were zero other long-term borrowings and therefore no scheduled maturities of long-term borrowings.

Note 8. Accumulated Other Comprehensive Loss

The balances and changes in the components of accumulated other comprehensive loss as of June 30, 2024 and 2023, are presented in the following table:

	Unrealized losses on securities available-for-sale	Pension benefits	Total
Balance - June 30, 2022	$ (17,268)	$ (1,115)	$ (18,383)
Other comprehensive (loss) income before reclassification, net of tax	(3,447)	160	(3,287)
Amounts reclassified to net loss on sale of securities available-for-sale non-interest income	251	-	251
Tax expense effect recognized in provision for income taxes	67	-	67
Net of tax	184	-	184
Amortization of pension actuarial losses recognized in other expense	-	106	106
Tax expense effect recognized in provision for income taxes	-	28	28
Net of tax	-	78	78
Other comprehensive (loss) income for the year ended June 30, 2023	(3,263)	238	(3,025)
Balance - June 30, 2023	$ (20,531)	$ (877)	$ (21,408)
Other comprehensive income before reclassification, net of tax	1,349	292	1,641
Amortization of pension actuarial losses recognized in other expense	-	77	77
Tax expense effect recognized in provision for income taxes	-	20	20
Net of tax	-	57	57
Other comprehensive income for the year ended June 30, 2024	1,349	349	1,698
Balance - June 30, 2024	$ (19,182)	$ (528)	$ (19,710)

Note 9. Employee Benefit Plans

Defined Benefit Plan

The Bank maintains a single-employer defined benefit pension plan (the "Pension Plan"). Effective January 1, 2006, the Board of Directors of the Bank resolved to exclude from membership in the Pension Plan employees hired on or after January 1, 2006 and elected to cease additional benefit accruals to existing Pension Plan participants effective July 1, 2006. Substantially all Bank employees who were hired before January 1, 2006 and attained the age of 21 are covered by the Pension Plan. Under the Pension Plan, retirement benefits are primarily a function of both years of service and level of compensation, at July 1, 2006. This defined benefit pension plan is accounted for in accordance with FASB ASC Topic 715 guidance on "*Compensation – Retirement Benefits, Defined Benefit Plans – Pension",* which requires the Company to recognize in its consolidated financial statements an asset for a plan's overfunded status or a liability for a plan's underfunded status. Changes in the funded status of the single-employer defined benefit pension plan are reported as a component of other comprehensive income, net of applicable taxes, in the year in which changes occur.

Information regarding the Pension Plan at June 30, 2024 and 2023 is as follows:

(In thousands)		
Change in projected benefit obligation:	2024	2023
Benefit obligation at beginning of period	$ 4,351	$ 4,617
Interest cost	207	199
Actuarial loss	(198)	(225)
Benefits paid	(241)	(240)
Benefit obligation at June 30	4,119	4,351
Change in fair value of plan assets:		
Fair value of plan assets at beginning of period	4,474	4,502
Actual return on plan assets	421	212
Employer contributions	-	-
Benefits paid	(241)	(240)
Fair value of plan assets at June 30	4,654	4,474
Overfunded status at June 30 included in other liabilities	$ (535)	$ (123)

The Company does not anticipate that it will make any contributions during the year ended June 30, 2025.

The components of net periodic pension costs related to the Pension Plan for the years ended June 30, 2024 and 2023 were as follows:

(In thousands)	2024	2023
Interest cost	$ 207	$ 199
Expected return on plan assets	(219)	(219)
Amortization of net loss	77	106
Effect of settlement	-	-
Net periodic pension expense	$ 65	$ 86

The accumulated benefit obligation for the pension plan was $4.1 million and $4.4 million at June 30, 2024 and 2023, respectively.

Changes in plan assets and benefit obligations recognized in other comprehensive income during the years ended June 30, 2024 and 2023 consisted of the following:

(In thousands)	2024	2023
Actuarial loss on plan assets and benefit obligations	$ 476	$ 324
Deferred tax expense	127	86
Net change in plan assets and benefit obligations recognized in other comprehensive income	$ 349	$ 238

Amounts recognized in our consolidated statements of financial condition related to our pension plan for the years ended June 30, 2024 and 2023 are as follows:

(In thousands)		
Other liabilities:	2024	2023
Projected benefit obligation in (surplus) excess of fair value of pension plan	$ (535)	$ (123)
Accumulated other comprehensive loss, net of taxes:		
Net losses and past service liability	$ (528)	$ (877)

The principal actuarial assumptions used were as follows:

	2024	2023
Projected benefit obligation:		
Discount rate	5.30 %	4.90 %
Net periodic pension expense:		
Amortization period, in years	11	11
Discount rate	4.90 %	4.43 %
Expected long-term rate of return on plan assets	5.00 %	5.00 %

The discount rate used in the measurement of the Bank's pension obligation is based on the FTSE Pension Discount Curve and Liability index based on expected benefit payments of the pension plan. The discount rates are evaluated at each measurement date to give effect to changes in the general interest rates. The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The selected rate considers the historical and expected future investment trends of the present and expected assets in the plan. Since this is a frozen plan, the compensation rate is zero percent.

The weighted average asset allocation and fair value of our pension plan assets at June 30, 2024 and 2023 was as follows:

(Dollars in thousands)	2024 Fair Value		2023 Fair Value	
Mutual funds – fixed income	$ 2,743	58.9 %	$ 2,600	58.1 %
Mutual funds – equity	1,911	41.1	1,874	41.9
Total plan assets	$ 4,654	100.0 %	$ 4,474	100.0 %

The fair value of assets within the pension plan was determined utilizing a quoted price in active markets at the measurement date. As such, these assets are classified as Level 1 within the "Fair Value Measurement" hierarchy.

The target allocation for investment in mutual funds is 60% consisting of short-term and intermediate-term fixed income bond funds and 40% large cap value funds. This allocation is consistent with the Company's goal of preserving capital while achieving investment results that will contribute to the proper funding of pension obligations and cash flow requirements. Asset rebalancing is performed on a quarterly basis, with adjustments made when the investment mix varies by more than 5% from the target.

Expected benefit payments under the pension plan over the next ten years at June 30, 2024 are as follows:

(In thousands)	
2025	$ 248
2026	245
2027	243
2028	239
2029	242
2030-2034	1,369

Defined Contribution Plan

The Bank of Greene County also participates in a defined contribution plan (the "Contribution Plan") covering substantially all employees who have completed three months of service. The plan includes Section 401(k) and thrift provisions as defined under the Internal Revenue Code. The provisions permit employees to contribute up to 50% of their total compensation on a pre-tax basis. The Bank of Greene County matches employee contributions dollar for dollar for the first 3% and then 50% of the employee contributions up to the next 3%. The Company contributions associated with the contribution plan amounted to $520,000 and $483,000 in the years ended June 30, 2024 and 2023, respectively.

Employee Stock Ownership Plan ("ESOP")

All Bank employees meeting certain age and service requirements are eligible to participate in the ESOP. Participants' benefits become fully vested after three years of service. During the years ended June 30, 2024 and 2023, the Board of Directors authorized the payment of $180,000 and $170,000, respectively, to the ESOP trustee for the purposes of purchasing additional shares of stock to be allocated to employees as of December 2024 and 2023, respectively. ESOP expense was $186,000 and $164,000 for the years ended June 30, 2024 and 2023, respectively. There were no unearned shares at June 30, 2024 or 2023.

Supplemental Executive Retirement Plan

On June 21, 2010, 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 provides a benefit from the Bank upon retirement, death or disability or voluntary or involuntary termination of service (other than "for cause") to certain key senior executives of the Bank who are selected by the Board to participate. 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 years ended June 30, 2024 and 2023 were $2.2 million and $1.8 million, respectively, consisting primarily of service and interest costs. The total liability for the SERP was $15.2 million and $12.3 million as of June 30, 2024 and June 30, 2023, respectively, and is included in accrued expenses and other liabilities.

Note 10. Stock-Based Compensation

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. At June 30, 2024 and 2023, the Plan had 16,000,000 options authorized, of which, 13,026,099 and 12,354,004 options had been granted, respectively. 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). The liability for the phantom stock option plan is re-measured at each reporting period based on the difference between the strike price and the current period end book value per share of the Company's common stock, excluding accumulated other comprehensive income (loss).

A summary of the Company's phantom stock option activity and related information for its option plan for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Number of options outstanding at beginning of year	2,535,840	2,959,040
Options granted	672,095	807,200
Options forfeited	(4,000)	(9,000)
Options paid in cash upon vesting	(950,400)	(1,221,400)
Number of options outstanding at period end	2,253,535	2,535,840

(In thousands)	2024	2023
Cash paid out on options vested	$ 4,210	$ 4,287
Compensation expense recognized	3,429	4,439

The total liability for the long-term incentive plan was $5.5 million and $6.3 million at June 30, 2024 and 2023, respectively, and is included in accrued expenses and other liabilities.

Note 11. 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 years ended June 30, 2024 and 2023.

	2024	2023
Net income	$24,769,000	$30,785,000
Weighted average shares – basic	17,026,828	17,026,828
Weighted average shares – dilute	17,026,828	17,026,828
Earnings per share – basic	$1.45	$1.81
Earnings per share – diluted	$1.45	$1.81

Note 12. Income Taxes

The provision for income taxes consists of the following for the years ended June 30, 2024 and 2023:

(In thousands)	2024	2023
Current expense:		
Federal	$ 2,075	$ 4,284
State	49	907
Total current expense	2,124	5,191
Deferred benefit	(74)	(149)
Total provision for income taxes	$ 2,050	$ 5,042

The effective tax rate differs from the federal statutory rate as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Tax based on federal statutory rate	21.00 %	21.00 %
State income taxes, net of federal benefit	(0.44)	1.81
Tax-exempt income	(12.61)	(8.26)
Captive insurance premium income	-	(1.09)
Other, net	(0.31)	0.61
Total income tax expense	7.64 %	14.07 %

The components of the deferred tax assets and liabilities at June 30, 2024 and 2023 were as follows:

(In thousands)	2024	2023
Deferred tax assets:		
Allowance for credit losses	$ 5,272	$ 5,669
Allowance for credit losses on unfunded commitments	334	-
Unrealized losses on securities	6,926	7,424
Other benefit plans	5,345	4,968
Lease liability	577	609
Other	94	81
Total deferred tax assets	18,548	18,751
Deferred tax liabilities:		
Depreciation	1,188	1,148
Net loan costs	1,261	1,225
Real estate investment trust income	3,313	3,126
Lease right of use asset	554	585
Pension benefits	143	33
Other	-	-
Total deferred tax liabilities	6,459	6,117
Net deferred tax asset included in prepaid expenses and other assets	$ 12,089	$ 12,634

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of the evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company accounts for uncertain tax positions if it is more likely than not, based on technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgments.

The Company recognizes interest and penalties on income taxes, if any, as a component of the provision for income taxes.

As of June 30, 2024 and 2023, the Company did not have any uncertain tax positions. The Company does not expect to have any changes in unrecognized tax benefits as a result of settlements with taxing authorities during the next twelve months. At June 30, 2024, The Bank of Greene County had an unrecaptured pre-1988 Federal bad debt reserve of approximately $1.8 million for which no Federal income tax provision has been made. A deferred tax liability has not been provided on this amount as management does not intend to redeem stock, make distributions or take other actions that would result in recapture of the reserve. As of June 30, 2024, tax years ended June 30, 2021 through June 30, 2023, remain open and are subject to Federal and New York State taxing authority examination.

Note 13. Commitments and Contingent Liabilities

In the normal course of business, the Company offers financial instruments with off-balance sheet risk to meet the financing needs of its customers. These transactions include commitments to extend credit, standby letters of credit, and lines of credit, which involve, to varying degrees, elements of credit risk, which are not reflected in the accompanying consolidated financial statements.

The Company's unfunded loan commitments and unused lines of credit are as follows at June 30, 2024 and 2023:

(In thousands)	2024	2023
Unfunded loan commitments	$ 107,966	$ 124,498
Unused lines of credit	99,176	94,898
Standby letters of credit	754	179
Total credit-related financial instruments with off-balance sheet risk	$ 207,896	$ 219,575

The Company enters into contractual commitments to extend credit to its customers in the form of loan commitments and lines of credit, generally with fixed expiration dates and other termination clauses, and may require payment of a fee. Substantially all of the Company's commitments to extend credit are contingent upon its customers maintaining specific credit standards at the time of loan funding, and are often secured by real estate collateral. Since the majority of the Company's commitments typically expire without being funded, the total contractual amount does not necessarily represent the Company's future payment requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral, if any, required upon an extension of credit is based on management's evaluation of customer credit. Commitments to extend mortgage credit are primarily collateralized by first liens on real estate. Collateral on extensions of commercial lines of credit vary but may include accounts receivable, inventory, property, plant and equipment, and income producing commercial property.

Allowance for Credit Losses on Unfunded Commitments

The Company estimates expected credit losses over the contractual period in which the Company has exposure to a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on unfunded commitments exposure is recognized in other liabilities and is adjusted as an expense in other noninterest expense. At June 30, 2024, the allowance for credit losses on unfunded commitments totaled $1.3 million.

The Company and its subsidiaries are, from time to time, parties to various legal proceedings arising out of their businesses. The Company believes that it is not a party to any pending legal, arbitration, or regulatory proceedings that would have a material adverse impact on the business, consolidated financial condition, results of operations or cash flows of the Company or any of its subsidiaries.

Note 14. Derivative Instruments

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, primarily by managing the amount, sources and duration of its assets and liabilities. The Company has interest rate derivatives that result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

Derivatives Not Designated as Hedging Instruments

The Company enters into interest rate swap agreements with its commercial customers to provide them with a long-term fixed rate, while simultaneously entering into offsetting interest rate swap agreements with a counterparty to swap the fixed rate to a variable rate to manage interest rate exposure. These interest rate swap agreements are not designated as hedges for accounting purposes. As the interest rate swap agreements have substantially equivalent and offsetting terms, they do not present any material exposure to the Company's consolidated statements of income. The Company records its interest rate swap agreements at fair value and are presented within other assets and other liabilities on the consolidated statements of financial condition. Changes in the fair value of assets and liabilities arising from these derivatives are included, net, in other operating income in the consolidated statements of income. Under terms of the agreements with the third-party counterparties, the Company provides cash collateral to the counterparty, when required, for the initial trade. Subsequent to the trade, the margin is exchanged in either direction, based upon the estimated fair value of the underlying contracts. Cash collateral represents the amount that is exchanged under master netting agreements that allows the Company to offset the derivative position with the related collateral. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The following table present the notional amount and fair values of interest rate derivative positions:

	At June 30, 2024					
	Asset derivatives			Liability derivatives		
(*In thousands*)	Statement of financial condition location	Notional amount	Fair value	Statement of financial condition location	Notional amount	Fair value
Interest rate derivatives	Other assets	$ 50,707	$ 585	Other liabilities	$ 50,707	$ 585
Less cash collateral			-	Other liabilities		(410)
Total after netting			$ 585			$ 175

There were no interest rate swap agreements for the Company at June 30, 2023.

Risk Participation Agreements

Risk participation agreements ("RPAs") are guarantees issued by the Company to other parties for a fee, whereby the Company agrees to participate in the credit risk of a derivative customer of the other party. Under the terms of these agreements, the "participating bank" receives a fee from the "lead bank" in exchange for the guarantee of reimbursement if the customer defaults on an interest rate swap. The interest rate swap is transacted such that any and all exchanges of interest payments (favorable and unfavorable) are made between the lead bank and the customer. In the event that an early termination of the swap occurs and the customer is unable to make a required close out payment, the participating bank assumes that obligation and is required to make this payment.

RPAs in which the Company acts as the lead bank are referred to as "participations-out," in reference to the credit risk associated with the customer derivatives being transferred out of the Company. Participations-out generally occur concurrently with the sale of new customer derivatives. At June 30, 2024, the Company's exposure was reduced due to participations-outs in the amount of $105,000, with a notional amount of $8.0 million. There were no participations-out at June 30, 2023.

RPAs where the Company acts as the participating bank are referred to as "participations-in," in reference to the credit risk associated with the counterparty's derivatives being assumed by the Company. The Company's maximum credit exposure is based on its proportionate share of the settlement amount of the referenced interest rate swap. Settlement amounts are generally calculated based on the fair value of the swap plus outstanding accrued interest receivables from the customer. The credit exposure associated with risk participations-ins was $276,000 and zero as of June 30, 2024 and June 30, 2023, respectively. The RPAs participations-ins are spread out over four financial institution counterparties and terms range between 4 to 13 years. At June 30, 2024 and June 30, 2023, the Company held RPAs with a notional amount of $112.3 million and $82.0 million, respectively.

Note 15. Operating Leases

The Company leases certain branch properties under long-term, operating lease agreements. The Company's operating lease agreements contain non-lease components, which are generally accounted for separately. The Company's lease agreements do not contain any residual value guarantees. The following includes quantitative data related to the Company's operating leases as of June 30, 2024 and 2023:

(In thousands)		
Operating lease amounts:	2024	2023
Right-of-use assets	$ 2,071	$ 2,188
Lease liabilities	$ 2,159	$ 2,277
Other information:		
Operating outgoing cash flows from operating leases	$ 471	$ 373
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 251	$ 561

(In thousands)		
Lease costs	2024	2023
Operating lease cost	$ 426	$ 359
Variable lease cost	$ 44	$ 43

The following is a schedule by year of the undiscounted cash flows of the operating lease liabilities, excluding common area maintenance charges and real estate taxes, as of June 30, 2024:

(In thousands, except weighted-average information)		
Within the twelve months ended June 30,		
2025	$	501
2026		488
2027		442
2028		372
2029		228
Thereafter		313
Total undiscounted cash flow		2,344
Less net present value adjustment		(185)
Lease liability	$	2,159

	2024	2023
Weighted-average remaining lease term (years)	5.20	5.84
Weighted-average discount rate	3.03%	2.69%

Right-of-use assets are included in prepaid expenses and other assets, and lease liabilities are included in accrued expenses and other liabilities within the Company's consolidated statements of condition.

Note 16. Concentrations of Credit Risk

The Company grants residential, consumer and commercial loans to customers primarily located in the Hudson Valley and Capital District Regions of New York State, including Greene County. Over the last several years the Company has emphasized expansion into new markets in southern Albany, Columbia, Ulster and Rensselaer counties. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent upon employment and other economic factors throughout Greene and its contiguous counties.

Note 17. 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 June 30, 2024 and 2023 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 fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value measurements are not adjusted for transaction costs. A fair value hierarchy exists within GAAP that prioritizes 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 for similar assets or liabilities in active markets, quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

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

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows:

		Fair Value Measurements Using		
(In thousands)	June 30, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
U.S. Treasury securities	$ 41,195	$ -	$ 41,195	$ -
U.S. government sponsored enterprises	10,974	-	10,974	-
State and political subdivisions	170,669	-	170,669	-
Mortgage-backed securities-residential	36,575	-	36,575	-
Mortgage-backed securities-multi-family	72,300	-	72,300	-
Corporate debt securities	18,288	-	18,288	-
Securities available-for-sale	350,001	-	350,001	-
Equity securities	328	328	-	-
Interest rate swaps	585	-	585	-
Total	$ 350,914	$ 328	$ 350,586	$ -
Liabilities:				
Interest rate swaps	$ 585	$ -	$ 585	$ -
Total	$ 585	$ -	$ 585	$ -

		Fair Value Measurements Using		
(In thousands)	June 30, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
U.S. Treasury securities	$ 16,500	$ -	$ 16,500	$ -
U.S. government sponsored enterprises	10,823	-	10,823	-
State and political subdivisions	138,011	-	138,011	-
Mortgage-backed securities-residential	25,601	-	25,601	-
Mortgage-backed securities-multi-family	72,086	-	72,086	-
Corporate debt securities	18,112	-	18,112	-
Securities available-for-sale	281,133	-	281,133	-
Equity securities	306	306	-	-
Total securities measured at fair value	$ 281,439	$ 306	$ 281,133	$ -

Certain investments that are actively traded and have quoted market prices have been classified as Level 1 valuations. Other investment securities available-for-sale 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 loans evaluated individually for expected credit losses in the period in which a re-measurement at fair value is performed. The Company uses the fair value of underlying collateral, less costs to sell, to estimate the allowance for credit losses for individually evaluated loans. Management may modify the appraised values, for qualitative factors such as economic conditions and estimated liquidation expenses ranging from 10% to 40%. Such modifications to the appraised values could result in lower valuations of such collateral. Based on the valuation techniques used, the fair value measurements for loans evaluated individually are classified as Level 3.

Fair values for foreclosed real estate are initially recorded at the estimated fair value of the property less estimated costs to dispose at the time of acquisition to establish a new carrying value. Values are derived from appraisals, similar to loans evaluated individually for expected credit loss, of underlying collateral. Any write downs from the carrying value of the loan to estimated fair value, which are required at the time of foreclosure, are charged to the allowance for credit losses. Subsequent adjustments to the carrying value of such properties resulting from declines in fair value result in the establishment of a valuation allowance and are charged to operations in the period in which the declines occur. In the determination of fair value subsequent to foreclosure, management may modify the appraised values, for qualitative factors such as economic conditions and estimated liquidations expenses ranging from 10% to 60%. Such modifications to the appraised values could result in lower valuations of such collateral. Based on the valuation techniques used, the fair value measurements for foreclosed real estate are classified as Level 3.

		June 30, 2024		June 30, 2023	
(In thousands)	Fair value hierarchy	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Loans evaluated individually	3	$ 1,405	$ 662	$ 7,578	$ 5,565
Foreclosed real estate	3	$ -	$ -	$ 302	$ 302

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 total cash and cash equivalents, long term certificates of deposit, 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. The fair values for loans are measured using the "exit price" notion which is a reasonable estimate of what another party might pay in an orderly transaction. Fair values for variable rate loans that reprice frequently, with no significant credit risk, are based on carrying value. Fair values 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 long term 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. Fair value for subordinated notes payable is estimated based on a discounted cash flow methodology or observations of recent highly-similar transactions. Fair value for interest rate swaps include any accrued interest and are valued using the present value of cash flows discounted using observable forward rate assumptions. The Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy.

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

	June 30, 2024		Fair value measurements using		
(In thousands)	Carrying amount	Fair value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 190,395	$ 190,395	$ 190,395	$ -	$ -
Long term certificate of deposit	2,831	2,760	-	2,760	-
Securities available-for-sale	350,001	350,001	-	350,001	-
Securities held-to-maturity	690,354	630,241	-	630,241	-
Equity securities	328	328	328	-	-
Federal Home Loan Bank stock	7,296	7,296	-	7,296	-
Net loans receivable	1,480,229	1,387,325	-	-	1,387,325
Accrued interest receivable	14,269	14,269	-	14,269	-
Interest rate swap asset	585	585	-	585	-
Deposits	2,389,222	2,388,305	-	2,388,305	-
Borrowings	149,456	149,438	-	149,438	-
Subordinated notes payable, net	49,681	46,114	-	46,114	-
Accrued interest payable	1,551	1,551	-	1,551	-
Interest rate swap liability	585	585	-	585	-

(In thousands)	June 30, 2023 Carrying amount	Fair value	Fair value measurements using (Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 196,445	$ 196,445	$ 196,445	$ -	$ -
Long term certificate of deposit	4,576	4,383	-	4,383	-
Securities available-for-sale	281,133	281,133	-	281,133	-
Securities held-to-maturity	726,363	671,066	-	671,066	-
Equity securities	306	306	306	-	-
Federal Home Loan Bank stock	1,682	1,682	-	1,682	-
Net loans receivable	1,387,654	1,272,361	-	-	1,272,361
Accrued interest receivable	12,249	12,249	-	12,249	-
Deposits	2,437,161	2,437,357	-	2,437,357	-
Subordinated notes payable, net	49,495	47,669	-	47,669	-
Accrued interest payable	936	936	-	936	-

Note 18. Regulatory Matters

The Bank of Greene County and its wholly-owned subsidiary, Greene County Commercial Bank, are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material impact on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and the Commercial Bank must meet specific guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require The Bank of Greene County and Greene County Commercial Bank to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 Capital to risk-weighted assets and a Leverage Ratio of Tier 1 capital to average assets. The rules also requires unrealized gains and losses on certain security holdings "available-for-sale" to be included for purposes of calculating regulatory capital unless a one-time opt-out is exercised. In addition to maintaining minimum capital ratios, the Bank and Commercial Bank are subject to a capital conservation buffer ("Buffer") of 2.50% above the minimum to avoid restriction on capital distributions and certain discretionary bonus payments. Management believes that, as of June 30, 2024, The Bank of Greene County and Greene County Commercial Bank met all capital adequacy requirements to which they are subject.

Under their prompt corrective action regulations, regulatory authorities are required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized institution. Such actions could have a direct material effect on an institution's financial statements. The regulations establish a framework for the classification of banks into five categories: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. As of June 30, 2024, the most recent notification from regulators categorized the Bank and Commercial Bank as "well capitalized" under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed either Bank's category.

(Dollars in thousands)	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions		Capital conservation buffer	
The Bank of Greene County	Amount	Ratio	Amount	Ratio	Amount	Ratio	Actual	Required
As of June 30, 2024:								
Total risk-based capital	$ 273,460	17.1%	$ 127,873	8.0%	$ 159,841	10.0%	9.11%	2.50%
Tier 1 risk-based capital	253,468	15.9	95,905	6.0	127,873	8.0	9.86	2.50
Common equity tier 1 capital	253,468	15.9	71,929	4.5	103,897	6.5	11.36	2.50
Tier 1 leverage ratio	253,468	9.3	109,102	4.0	136,378	5.0	5.29	2.50
As of June 30, 2023:								
Total risk-based capital	$ 249,165	16.5%	$ 121,020	8.0%	$ 151,275	10.0%	8.47%	2.50%
Tier 1 risk-based capital	230,228	15.2	90,765	6.0	121,020	8.0	9.22	2.50
Common equity tier 1 capital	230,228	15.2	68,074	4.5	98,328	6.5	10.72	2.50
Tier 1 leverage ratio	230,228	8.7	106,141	4.0	132,676	5.0	4.68	2.50
Greene County Commercial Bank								
As of June 30, 2024:								
Total risk-based capital	$ 110,319	49.5%	$ 17,830	8.0%	$ 22,288	10.0%	41.50%	2.50%
Tier 1 risk-based capital	110,319	49.5	13,373	6.0	17,830	8.0	43.50	2.50
Common equity tier 1 capital	110,319	49.5	10,029	4.5	14,487	6.5	45.00	2.50
Tier 1 leverage ratio	110,319	9.1	48,385	4.0	60,481	5.0	5.12	2.50
As of June 30, 2023:								
Total risk-based capital	$ 104,781	46.6%	$ 17,975	8.0%	$ 22,469	10.0%	38.63%	2.50%
Tier 1 risk-based capital	104,781	46.6	13,481	6.0	17,975	8.0	40.63	2.50
Common equity tier 1 capital	104,781	46.6	10,111	4.5	14,605	6.5	42.13	2.50
Tier 1 leverage ratio	104,781	9.1	45,958	4.0	57,447	5.0	5.12	2.50

Note 19. Condensed Financial Statements of Greene County Bancorp, Inc.

The following condensed financial statements summarize the financial position and the results of operations and cash flows of Greene County Bancorp, Inc. for the periods indicated.

Greene County Bancorp, Inc.
Condensed Statements of Financial Condition
At June 30, 2024 and 2023
(In thousands)

ASSETS	2024	2023
Cash and cash equivalents	$ 22,469	$ 19,822
Investment in subsidiaries	233,758	208,861
Long-term certificates of deposit	-	3,826
Securities available-for-sale, at fair value	-	761
Accrued interest receivable	-	26
Prepaid expenses and other assets	38	93
Total assets	$ 256,265	$ 233,389
LIABILITIES AND SHAREHOLDERS' EQUITY		
Subordinated notes payable, net	$ 49,681	$ 49,495
Accrued expenses and other liabilities	584	611
Total liabilities	50,265	50,106
Total shareholders' equity	206,000	183,283
Total liabilities and shareholders' equity	$ 256,265	$ 233,389

Greene County Bancorp, Inc.
Condensed Statements of Income
For the Years Ended June 30, 2024 and 2023
(In thousands)

	2024	2023
INCOME:		
Equity in undistributed net income of subsidiaries	$ 19,096	$ 26,829
Dividend distributed by subsidiary	8,000	6,400
Interest-earning deposits	13	6
Other income	15	2
Total Income	27,124	33,237
OPERATING EXPENSES:		
Legal fees	98	101
Interest on borrowings	1,850	1,850
Other expense	407	501
Total operating expenses	2,355	2,452
Net income	$ 24,769	$ 30,785

Greene County Bancorp, Inc.
Condensed Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023
(In thousands)

Cash flow from operating activities:	2024	2023
Net Income	$ 24,769	$ 30,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Undistributed earnings of subsidiaries	(19,096)	(26,829)
Amortization of subordinated debt issuance costs	186	185
Net decrease (increase) in prepaid expenses and other assets	55	(29)
Net (decrease) increase in total liabilities	(27)	16
Net cash provided by operating activities	5,887	4,128
Cash flows from investing activities:		
Net cash transferred related to Greene Risk Management Inc. liquidation	-	(1,006)
Net cash used by investing activities	-	(1,006)
Cash flows from financing activities:		
Payment of cash dividends	(3,240)	(2,191)
Net cash used by financing activities	(3,240)	(2,191)
Net increase in cash and cash equivalents	2,647	931
Cash and cash equivalents at beginning of year	19,822	18,891
Cash and cash equivalents at end of year	$ 22,469	$ 19,822

Note 20. Subsequent events

On July 17, 2024, Greene County Bancorp, Inc. announced that its Board of Directors had approved a quarterly cash dividend of $0.09 per share on the Company’s common stock. The dividend reflects an annual cash dividend rate of $0.36 per share which represents a 12.5% increase from the previous annual cash dividend rate of $0.32 per share. The dividend was payable to stockholders of record as of August 15, 2024, and was paid on August 30, 2024. Greene County Bancorp, MHC did not waive its receipt of this dividend.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) at the end of the period covered by the 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, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. There has been no change in the Company's internal control over financial reporting during the Company's fourth quarter of the year ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's report on internal control over financial reporting appears in Part II, Item 8 of this Report.

ITEM 9B. Other Information

None.

ITEM 9C. Disclosures Regarding Foreign Jurisdictions That Prevent Inspections

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Information responsive to this Item 10 is incorporated herein by reference to the Company's definitive proxy statement for its Annual Meeting of Stockholders, which will be filed with the SEC within 120 days after the Company's 2024 fiscal year end.

The Company has adopted a Code of Ethics that is applicable to the Company's officers, directors and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics is available on the Company's website at www.tbogc.com. Amendments to and waivers from the Code of Ethics will also be disclosed on the Company's website.

ITEM 11. Executive Compensation

Information responsive to this Item 11 is incorporated herein by reference to the Company's definitive proxy statement for its Annual Meeting of Stockholders, which will be filed with the SEC within 120 days after the Company's 2024 fiscal year end.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information responsive to this Item 12 is incorporated herein by reference to the Company's definitive proxy statement for its Annual Meeting of Stockholders, which will be filed with the SEC within 120 days after the Company's 2024 fiscal year end.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

Information responsive to this Item 13 is incorporated herein by reference to the Company's definitive proxy statement for its Annual Meeting of Stockholders, which will be filed with the SEC within 120 days after the Company's 2024 fiscal year end.

ITEM 14. Principal Accountant Fees and Services

Information responsive to this Item 14 is incorporated herein by reference to the Company's definitive proxy statement for its Annual Meeting of Stockholders, which will be filed with the SEC within 120 days after the Company's 2024 fiscal year end.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a)(1) The following financial statements and Reports of Bonadio & Co., LLP are included in this Annual Report on Form 10-K:

Reports of Bonadio & Co., LLP, Independent Registered Public Accounting Firm
Consolidated Statements of Condition as of June 30, 2024 and 2023
Consolidated Statements of Income for the years ended June 30, 2024 and 2023
Consolidated Statements of Comprehensive Income for the years ended June 30, 2024 and 2023
Consolidated Statements of Cash Flows for the years ended June 30, 2024 and 2023
Consolidated Statements of Changes in Shareholders' Equity for the years ended June 30, 2024 and 2023
Notes to Consolidated Financial Statements
Unaudited Quarterly Financial Data

(a)(2) List of Financial Schedules

Not applicable

(a)(3) Exhibits

3.1 Greene County Bancorp, Inc. Stock Holding Company Charter as amended on January 19, 2023 (filed as Exhibit 3.1 to Registrant's Form 10-Q, filed on February 10, 2023 and incorporated herein by reference)

3.2 Bylaws of Greene County Bancorp, Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed on May 22, 2015)

3.3 Amendment to Bylaws of Greene County Bancorp, Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed on March 19, 2021)

4.0 Form of Stock Certificate of Greene County Bancorp, Inc. (incorporation by reference to Exhibit 4.0 to the Annual Report on Form 10-K filed September 11, 2020)

4.2 Description of Greene County Bancorp, Inc. Securities (incorporation by reference to Exhibit 4.2 to the Annual Report on Form 10-K filed September 11, 2020)

4.3 Subordinated Note Purchase Agreement (incorporated by reference to Current Report on Form 8-K filed on September 18, 2020)

4.4 Subordinated Note 4.75% Fixed to Floating Rate Subordinated Notes due September 17, 2030 (incorporated by reference to Current Report on Form 8-K filed on September 18, 2020)

4.5 Subordinated Note Purchase Agreement (incorporated by reference to Current Report on Form 8-K filed on September 16, 2021)

4.6 Subordinated Note 3.00% Fixed to Floating Rate Subordinated Notes due September 15, 2031 (incorporated by reference to Current Report on Form 8-K filed on September 16, 2021)

10.1 Employee Stock Ownership Plan (incorporated herein by reference to Greene County Bancorp, Inc.'s SB-2)

10.2 Employment agreement between the Registrant and Donald E. Gibson, and Michelle M. Plummer effective July 1, 2007, as amended and incorporated by reference from the Registrant's Form 8-K (Exhibit 10.2 and 10.3) filed on December 3, 2008.

10.3 Supplemental Executive Retirement Plan, effective July 1, 2010, as amended, incorporated by reference from the Registrant's 2010 Proxy Statement filed on September 27, 2010.

10.4 Greene County Bancorp, Inc. 2011 Phantom Stock Option and Long Term Incentive Plan, effective July 1, 2011, as amended and incorporated by reference from the Registrant's Form 8-K (Exhibit 10.1), filed on June 20, 2018.

21. Subsidiaries of Greene County Bancorp, Inc.

23. Consent of Independent Registered Public Accounting Firm

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

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

32.1 Certification of Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101 The following materials from Greene County Bancorp, Inc. Form 10-K for the year ended June 30, 2024, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Financial Condition, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) related notes, tagged as blocks of text and in detail.

104 Cover Page Interactive Data File (embedded in the cover page formatted in Inline XBRL)

ITEM 16. Form 10-K Summary

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREENE COUNTY BANCORP, INC.

Date: September 6, 2024

By: *<u>/s/ Donald E. Gibson</u>*
Donald E. Gibson
President and Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Donald E. Gibson*
Donald E. Gibson
President and Chief Executive Officer
(Principal Executive Officer)
Date: September 6, 2024

By: */s/ Nick Barzee*
Nick Barzee
Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: September 6, 2024

By: */s/ Jay P. Cahalan*
Jay P. Cahalan
Chairman of the Board
Date: September 6, 2024

By: */s/ David H. Jenkins*
David H. Jenkins, DVM
Director
Date: September 6, 2024

By: */s/ Peter W. Hogan, CPA*
Peter W. Hogan, CPA
Director
Date: September 6, 2024

By: */s/ Charles H. Schaefer*
Charles H. Schaefer
Director
Date: September 6, 2024

By: */s/ Michelle M. Plummer*
Michelle M. Plummer, CPA, CGMA
Director
Date: September 6, 2024

By: */s/ Stephen E. Nelson*
Stephen E. Nelson
Director
Date: September 6, 2024

By: */s/ Tejraj S. Hada*
Tejraj S. Hada
Director
Date: September 6, 2024

EXHIBIT 21.

SUBSIDIARIES OF GREENE COUNTY BANCORP, INC.

Company	State of Incorporation	Percent Owned
The Bank of Greene County	Federal	100% owned by Greene County Bancorp, Inc.
Greene County Commercial Bank	New York	100% owned by The Bank of Greene County
Greene Property Holdings, Ltd.	New York	100% owned by The Bank of Greene County

EXHIBIT 23.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Registration Statement No. 333-51538 on Form S-8 of our report dated September 6, 2024, appearing in this Annual Report on Form 10-K of Greene County Bancorp, Inc. relating to the consolidated financial statements and internal controls for the two years ended June 30, 2024.

/s/ Bonadio & Co., LLP
Pittsford, New York

September 6, 2024

EXHIBIT 31.1

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

I, Donald E. Gibson, certify that:

1. I have reviewed this annual report on Form 10-K of Greene County Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this annual report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 6, 2024

/s/ Donald E. Gibson
Donald E. Gibson,
President and Chief Executive Officer

EXHIBIT 31.2

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

I, Nick Barzee, certify that:

1. I have reviewed this annual report on Form 10-K of Greene County Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 6, 2024

/s/ Nick Barzee
Nick Barzee
Senior Vice President,
Chief Financial Officer

EXHIBIT 32.1

Statement of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Donald E. Gibson, President and Chief Executive Officer of Greene County Bancorp, Inc. (the "Company"), certifies in his capacity as an officer of the Company that he has reviewed the Annual Report of the Company on Form 10-K for the year ended June 30, 2024 and that to the best of his knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company as of the dates and for the periods covered by the report.

This statement is authorized to be attached as an exhibit to the report so that this statement will accompany the report at such time as the report is filed with the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 USC 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

Date: September 6, 2024

/s/ Donald E. Gibson
Donald E. Gibson
President and Chief Executive Officer

EXHIBIT 32.2

Statement of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Nick Barzee, Chief Financial Officer of Greene County Bancorp, Inc. (the "Company"), certifies in his capacity as an officer of the Company that he has reviewed the Annual Report of the Company on Form 10-K for the year ended June 30, 2024 and that to the best of his knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company as of the dates and for the periods covered by the report.

This statement is authorized to be attached as an exhibit to the report so that this statement will accompany the report at such time as the report is filed with the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 USC 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

Date: September 6, 2024

/s/ Nick Barzee
Nick Barzee
Senior Vice President,
Chief Financial Officer

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