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, 2023
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 registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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, 2022, there were 17,026,828 shares outstanding of the Registrant's common stock of which 6,318,914 were shares of voting stock held by non-affiliates of the Registrant. Computed by reference to the closing price of Common Stock of $28.71 on December 31, 2022, the aggregate value of stock held by non-affiliates was $181,416,000. As of September 7, 2023, 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 2023 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, 2023, Greene County Bancorp, Inc.'s assets consisted primarily of its investment in The Bank of Greene County, cash and securities. At June 30, 2023, 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 the Infinex Corporation. The Infinex Corporation acquired Essex National Securities LLP in 2016 allowing 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, 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, 2023:	Assets	Deposits	Borrowings	Equity
Greene County Bancorp, Inc. (consolidated)	$2,698,283	$2,437,161	$49,495	$183,283
The Bank of Greene County (consolidated)	2,692,296	2,456,982	-	208,861
Greene County Commercial Bank	1,090,587	1,033,605	-	85,583
Greene Property Holdings, Ltd.	687,079	-	-	687,079
Greene Risk Management, Inc.	-	-	-	-

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.

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, 2023, the Company operated 18 full-service banking offices, an operations center, customer call center and lending center located in its market area within 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 2022, the Greene County population was approximately 48,000, Columbia County was approximately 61,000, Albany County was approximately 316,000, Ulster County was approximately 182,000 and Rensselaer County was approximately 160,000. 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. 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 shorter-term consumer loans and other adjustable-rate loans, including many commercial loans, and residential mortgage loans with 10, 15 and 20 year terms. The Company seeks to attract checking and other transaction accounts that generally have lower interest rate costs and tend to be less interest rate sensitive when interest rates rise to fund fixed-rate residential mortgages.

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,* of this Annual Report.

Residential, Construction and Land Loans, and Multi-family Loans. The Company's primary lending activity is the origination of 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. By contrast, multi-family loans refer to loans collateralized by multi-family units, such as apartment buildings. The Company originates residential mortgage loans with a maximum loan-to-value ratio of 85%. During fiscal 2021, the Company purchased $10.5 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. There were no similar loan purchases in fiscal years 2022 and 2023. For the years ended June 30, 2023 and 2022, 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 mortgage loans, but is evaluated on a case by case basis.

At June 30, 2023, 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. In the low interest rate environment in the recent years and through the first quarter of calendar 2022, most of our borrowers preferred fixed-rate loans to adjustable-rate 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 fixed-rate residential mortgage loans has enabled it to expand customer relationships in the historically low long-term interest rate environment seen in the prior years, 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 originates a limited number of multi-family loans. Multi-family loans are generally collateralized by apartment buildings located in the Company's primary market area. The Company's underwriting practices and the risks associated with multi-family loans do not differ substantially from that of commercial real estate mortgage loans.

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 and business development staff resulting in our continued growth in these portfolios. Office buildings, mixed-use properties and other commercial properties collateralize commercial real estate mortgages. The Company originates fixed- and adjustable-rate commercial real estate mortgage loans with maximum terms of up to 30 years.

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 least 110% of the amount of the monthly debt service. We also review in the underwriting process the age and condition of the collateral, the financial resources and income level of the borrower and any guarantors and the borrower's business experience. The Company generally requires personal guarantees on all commercial real estate mortgage.

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. 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, the nature of commercial real estate mortgage loans makes them more difficult for management to monitor and evaluate.

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 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 because of the greater likelihood of damage, loss or depreciation in the underlying collateral. The remaining deficiency often does not warrant further substantial collection efforts against the borrower beyond obtaining a deficiency judgment. In addition, consumer loan collections depend on the borrower's personal financial stability. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

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 under the same criteria that the Company uses to underwrite residential fixed-rate loans. Home equity loans may be 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 mortgage loan. The Company appraises the property collateralizing the loan at the time of the loan application (but not thereafter) 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. 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. Real estate 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 real estate collateral is viewed as the primary source of repayment in the event of borrower default. Although commercial loans may be collateralized by equipment or other business assets, the liquidation of collateral in the event of a borrower default is often an insufficient source of repayment because equipment and other business assets may be obsolete or of limited use, among other things. Accordingly, the repayment of a commercial loan depends primarily on the creditworthiness of the borrower (and any guarantors), while liquidation of collateral is a secondary and often insufficient source of repayment.

Loan 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, who 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 mortgage loans.

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. These types of loans are generally considered riskier due to the size and complexity of the loan relationship. By entering a participation in or out agreement with the other 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 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, 2023, the largest aggregate amount loaned by the Company to one borrower consisted of twelve commercial mortgages and commercial lines with an outstanding balance of $19.0 million. This loan relationship was performing in accordance with its repayment terms at June 30, 2023.

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 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. As of June 30, 2023, 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 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 does not engage in any derivative or hedging investment transactions, such as 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, 2023 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 evaluation of the portfolio for other-than-temporary 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 capital 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, 2023.

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).

The flow of deposits is influenced significantly by general economic conditions, changes in money market rates, prevailing interest rates and competition. 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 and 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. It generally does not solicit deposits from outside its market area. 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. The Bank and Commercial Bank also participate in the IntraFi Network, LLC ("IntraFi") 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 Bank and Commercial Bank can place a one-way buy through the IntraFi Network for both the CDARS and ICS programs to obtain brokered deposits, along with the national brokerage networks. Historically, the Company has not used brokers to obtain deposits, but will use them to help manage the seasonality within the municipal deposit base in the most cost efficient manner. As a result of this seasonality, the Company had $60.0 million in brokered deposits as of June 30, 2023.

The Commercial Bank's purpose is to attract deposits from local municipalities. The Commercial Bank had $1.0 billion in deposits at June 30, 2023.

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 Central Bankers Bank ("ACBB"), as well as two 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. At June 30, 2023, there were $110 million in municipal 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, 2023, The Bank of Greene County had 195 full-time employees and 22 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.

Information

We make available free of charge through our 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 all 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, 2023, 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 and retained earnings. Tier 1 capital is generally defined as common equity Tier 1 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 loan and lease 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" of 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. Under the federal Prompt Corrective Action statute, the OCC is required to take supervisory actions against undercapitalized institutions under its jurisdiction, the severity of which depends upon the institution's level of capital. An institution that has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a common equity Tier 1 ratio of less than 4.5% or a leverage ratio of less than 4% is considered to be "undercapitalized." A savings institution that has total risk-based capital of less than 6.0%, a Tier 1 risk-based capital ratio of less than 4.0%, a common equity Tier 1 ratio of less than 3.0% or a leverage ratio that is less than 3.0% is considered to be "significantly undercapitalized." A savings institution that has a tangible capital to assets ratio equal to or less than 2.0% is deemed to be "critically undercapitalized."

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, 2023, 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 borrower 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, 2023, 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, 2023 and 2022.

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. 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, 2023, 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, 2023, 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 laws applicable to credit transactions, such as the:

- Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Home Mortgage Disclosure Act, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- Fair Credit Reporting Act, governing the use and provision of 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:

- 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 and the Office of Foreign Assets Control regulations; and
- 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 $0.30 per share to be declared by the Company for the four quarters ending March 31, 2023. 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, 2023, 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, 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.

The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") and Consolidated Appropriations Act, 2021

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law on March 27, 2020 to provide national emergency economic relief measures. On December 27, 2020, the Consolidated Appropriations Act (CCA) was signed into law to extend the life of the Paycheck Protection Program. Many of the CARES Act's programs are dependent upon the direct involvement of the Company and have been implemented through rules adopted by federal departments and agencies. The federal regulatory authorities continue to issue guidance with respect to the implementation and eligibility requirements for the various CARES Act programs. Congress may enact additional or amend already issued COVID-19 legislation. The Company continues to assess the impact of these regulations and supervisory guidance related to the pandemic.

The CARES Act, as amended by Section 541 of the CCA provided over $2 trillion to combat the coronavirus (COVID-19) pandemic and stimulate the economy, allowing financial institutions to suspend the application of GAAP to any loan modification related to COVID-19 from treatment as a troubled debt restructuring ("TDR") for the period between March 1, 2020 and January 1, 2022. Federal bank regulatory authorities also issued guidance to encourage banks to make loan modifications for borrowers affected by COVID-19. It temporarily reduced the Community Bank Leverage Ratio (the "CBLR") to 8%, and established a two quarter grace period for a qualifying community bank whose leverage ratio falls below the 8% requirement. There was another rule issued to transition back to the 9% community bank leverage ratio by increasing the ratio to 8.5% for calendar year 2021 and to 9% thereafter.

The Paycheck Protection Program

The Company participated in the Small Business Administration's Paycheck Protection Program ("PPP"), to fund loans to eligible small business through the Small Business Administration ("SBA"). The program ended on May 31, 2021. The SBA guaranteed 100% of the PPP loans made to eligible borrowers, were eligible for forgiveness if certain conditions were met. There were no collateral or personal guarantees required by the program and no fees were charge by the Government or lenders. As a participating lender in the PPP, the Bank continues to monitor legislative, regulatory, and supervisory developments related thereto.

ITEM 1A. Risk Factors

Not applicable to smaller reporting companies.

ITEM 1B. Unresolved Staff Comments

None.

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 also has an operations center, customer call center and a lending center located in Catskill, New York. At June 30, 2023, 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 14 set forth in Part II, Item 8 Financial Statements and Supplementary Data, of this Annual Report.

ITEM 3. Legal Proceedings

Except as noted below, 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. Except as noted below, the various pending legal claims against the Company will not, in the opinion of management based upon consultation with counsel, result in any material liability. See Note 13 – Commitments and Contingent Liabilities to the Notes to the audited financial statements for a description of a current lawsuit in which the Company has been named a party.

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 7, 2023 the Company had 435 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 $0.30 per share to be declared by the Company for the four quarters ending March 31, 2023. 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 March 23, 2023, the Company effected a 2-for-1 stock split in the form of a stock dividend on its outstanding shares of common stock. All share and per share data throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect the stock split.

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, 2023, the Company had repurchased 48,800 shares. There were no repurchases during the fiscal year ended June 30, 2023.

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," "expect," "anticipate," "project," and similar expressions identify forward-looking statements. Greene County Bancorp, Inc.'s ability to predict results or the effect of future plans or strategies or qualitative or quantitative changes based on market risk exposure is inherently uncertain. Factors that could affect actual results include but are not limited to:

(a) changes in general market interest rates,
(b) general economic conditions,
(c) economic or policy changes related to the COVID-19 pandemic,
(d) continued period of high inflation could adversely impact customers,
(e) legislative and regulatory changes,
(f) monetary and fiscal policies of the U.S. Treasury and the Federal Reserve,
(g) changes in the quality or composition of Greene County Bancorp, Inc.'s loan and investment portfolios,
(h) deposit flows,
(i) competition, and
(j) 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

	At or for the year ended June 30,		
(Dollars in thousands, except per share amounts)	2023	2022	2021
SELECTED FINANCIAL CONDITION DATA:			
Total assets	$ 2,698,283	$ 2,571,740	$ 2,200,335
Loans receivable, net	1,387,654	1,229,355	1,085,947
Securities available-for-sale	281,133	408,062	390,890
Securities held-to-maturity	726,363	761,852	496,914
Equity securities	306	273	307
Deposits	2,437,161	2,212,604	2,005,108
Borrowings	-	123,700	3,000
Shareholders' equity	183,283	157,714	149,584
AVERAGE BALANCES:			
Total assets	2,580,849	2,366,070	1,931,589
Interest-earning assets	2,495,653	2,291,448	1,892,650
Loans receivable, net	1,349,538	1,123,201	1,042,280
Securities	1,086,294	1,066,189	751,690
Deposits	2,302,167	2,134,584	1,750,733
Borrowings	82,816	51,193	22,386
Shareholders' equity	169,837	156,098	137,511
SELECTED OPERATIONS DATA:			
Total interest income	84,625	63,444	58,328
Total interest expense	23,407	5,439	5,183
Net interest income	61,218	58,005	53,145
Provision (benefit) for loan losses	(1,071)	3,278	3,974
Net interest income after provision for loan losses	62,289	54,727	49,171
Total noninterest income	12,146	12,137	9,667
Total noninterest expense	38,608	33,959	31,223
Income before provision for income taxes	35,827	32,905	27,615
Provision for income taxes	5,042	4,919	3,673
Net income	30,785	27,986	23,942
FINANCIAL RATIOS:			
Return on average assets[1]	1.19%	1.18%	1.24%
Return on average shareholders' equity[2]	18.13	17.93	17.41
Noninterest expenses to average total assets	1.50	1.44	1.62
Average interest-earning assets to average interest-bearing liabilities	112.73	114.57	117.01
Net interest rate spread[3]	2.33	2.50	2.76
Net interest margin[4]	2.45	2.53	2.81
Efficiency ratio[5]	52.63	48.41	49.71
Shareholders' equity to total assets, at end of period	6.79	6.13	6.80
Average shareholders' equity to average assets	6.58	6.60	7.12
Dividend payout ratio[6]	15.47	15.85	17.02
Actual dividends declared to net income[7]	7.12	9.41	10.15
Nonperforming assets to total assets, at end of period	0.21	0.25	0.11
Nonperforming loans to net loans, at end of period	0.39	0.51	0.21
Allowance for loan losses to nonperforming loans	388.64	360.31	854.76
Allowance for loan losses to total loans receivable	1.51	1.82	1.77
Book value per share[8]	$ 10.76	$ 9.26	$ 8.79
Basic earnings per share	1.81	1.64	1.41
Diluted earnings per share	1.81	1.64	1.41
OTHER DATA:			
Closing market price of common stock	$ 29.80	$ 22.65	$ 14.06
Number of full-service offices	18	17	17
Number of full-time equivalent employees	206	198	186

[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.

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, 2023, The Bank of Greene County operated 18 full-service branches, an administration office, a customer call center, a lending center, and an operations center in New York's Hudson Valley Region. 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 loan 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.

Critical Accounting Policies

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

On July 1, 2023, the Company adopted Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("CECL"). The models and methodologies are finalized with review controls and processes being finalized. The day-one impact of adopting CECL is not expected to be material to the Company's total capital, however it is expected to create volatility in the level of the allowance for credit loss from quarter to quarter, as changes will be dependent upon macroeconomic forecasts and conditions, loan portfolio volumes, credit quality and key modeling assumptions.

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 nonperforming status and the factors to be considered in establishing the Company's allowance for loan 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, 2023 amounted to $30.8 million, or $1.81 per basic and diluted share, as compared to $28.0 million, or $1.64 per basic and diluted share, for the year ended June 30, 2022, an increase of $2.8 million, or 10.0%. The increase in net income was primarily the result of increases of $3.2 million in net interest income and a decrease of $4.3 million in provision for loan losses partially offset by an increase of $4.6 million in noninterest expense. The provision for income taxes and noninterest income remained the same when comparing year end June 30, 2023 and 2022. As can be seen in the Rate / Volume Analysis, the increase in net interest income resulted from interest-earning assets growing faster than interest-earning liabilities, offset by the increase in interest rates paid on liabilities outpacing the interest rates earned on assets, when comparing the years ended June 30, 2023 and 2022. Growth in interest-earning assets was within both investment securities and loans. Growth in loans was primarily in commercial real estate mortgages, commercial constructions loans and residential mortgages.

Net interest rate spread and margin both decreased when comparing the year ended June 30, 2023 and 2022. Net interest rate spread decreased 17 basis points to 2.33% for the year ended June 30, 2023 compared to 2.50% for the year ended June 30, 2022. Net interest margin decreased 8 basis points to 2.45% for the year ended June 30, 2023 compared to 2.53% for the year ended June 30, 2022. The decrease during the year ended June 30, 2023 was due to the higher interest rate environment, as the rates paid for deposits repriced faster than rates earned on loans and investments.

Total assets grew $126.5 million, or 4.9%, to $2.7 billion at June 30, 2023 as compared to $2.6 billion at June 30, 2022. Net loans increased $158.3 million, or 12.9%, to $1.4 billion at June 30, 2023 as compared to $1.2 billion at June 30, 2022. Securities classified as available-for-sale and held-to-maturity decreased $162.4 million, or 13.9%, to $1.0 billion at June 30, 2023 as compared to $1.2 billion at June 30, 2022. Deposits grew $224.6 million, or 10.1%, to $2.4 billion at June 30, 2023 as compared to $2.2 billion at June 30, 2022. Total shareholders' equity amounted to $183.3 million and $157.7 million at June 30, 2023 and 2022, respectively, or 6.8% and 6.1% of total assets, respectively.

Comparison of Financial Condition as of June 30, 2023 and 2022

CASH AND CASH EQUIVALENTS

Total cash and cash equivalents increased $127.4 million to $196.4 million at June 30, 2023 from $69.0 million at June 30, 2022. 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. The Company increased its overall liquidity and cash position in response to the current turmoil in the banking sector. As of June 30, 2023, the Company believes it has maintained a strong liquidity position.

SECURITIES

Securities available-for-sale and held-to-maturity decreased $162.4 million, or 13.9%, to $1.0 billion at June 30, 2023 as compared to $1.2 billion at June 30, 2022. The decrease was the result of utilizing maturing investments to fund loan growth and to maintain elevated cash holdings, and due to the increase in unrealized loss on securities available-for-sale of $4.5 million. Securities purchases totaled $212.0 million during the year ended June 30, 2023 and consisted primarily of $208.1 million of state and political subdivision securities. Principal pay-downs and maturities during the year ended June 30, 2023 amounted to $365.6 million, primarily consisting of $333.2 million of state and political subdivision securities, and $29.3 million of mortgage-backed securities.

The Company holds 61.2% of its securities portfolio at June 30, 2023 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, 2023. 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. government sponsored enterprises	$ -	-	$ 1,960	1.23%	$ 11,094	1.32%	$ -	-	$ 13,054	1.31%
U.S. treasury securities	-	-	14,061	1.17%	4,288	1.42%	-	-	18,349	1.22%
State and political subdivisions	137,280	3.87%	63	1.89%	-	-	-	-	137,343	3.87%
MBS-residential	-	-	363	2.73%	2,272	2.51%	26,951	1.45%	29,586	1.55%
MBS -multi-family	-	-	10,035	2.28%	49,702	1.54%	31,279	1.76%	91,016	1.70%
Corporate debt securities	251	2.96%	18,054	3.08%	-	-	1,500	3.03%	19,805	3.07%
Total securities available-for-sale	$ 137,531	3.87%	$ 44,536	2.21%	$ 67,356	1.53%	$ 59,730	1.65%	$ 309,153	2.69%
Securities held-to-maturity:										
U.S. treasury securities	$ 9,988	2.41%	$ 18,929	1.55%	$ 4,788	1.88%	$ -	-	$ 33,705	1.85%
State and political subdivisions	57,114	2.21%	143,594	2.19%	124,750	2.24%	153,298	2.18%	478,756	2.20%
MBS-residential	4	4.01%	375	3.30%	239	3.50%	36,568	2.30%	37,186	2.32%
MBS-multi-family	7,626	2.51%	41,236	3.00%	92,084	1.54%	14,100	1.32%	155,046	1.96%
Corporate debt securities	-	-	1,000	4.26%	20,132	4.37%	500	6.19%	21,632	4.41%
Other securities	10	7.32%	-	-	2	4.36%	26	4.78%	38	5.42%
Total securities held-to-maturity	$ 74,742	2.21%	$ 205,134	2.20%	$ 241,995	2.05%	$ 204,492	1.95%	$ 726,363	2.08%

LOANS

Net loans receivable increased $158.3 million, or 12.9%, to $1.4 billion at June 30, 2023 from $1.2 billion at June 30, 2022. The loan growth experienced during the year consisted primarily of $97.8 million in commercial real estate loans, $38.2 million in commercial construction loans, $11.6 million in residential loans, $4.9 million in home equity loans, $3.8 million in residential construction and land loans, $2.7 million in multi-family loans and a $1.5 million decrease in the allowance for loan losses. This growth was partially offset by a $2.2 million decrease in commercial 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

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		2019	
(Dollars in thousands)	Amount	Percent	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%	$ 267,802	33.55%
Residential construction and land	19,072	1.35	15,298	1.22	10,185	0.92	11,847	1.17	7,462	0.93
Multi-family	66,496	4.72	63,822	5.10	41,951	3.78	25,104	2.48	24,592	3.08
Commercial real estate	693,436	49.22	595,635	47.57	472,887	42.66	381,415	37.67	329,668	41.31
Commercial construction	121,958	8.66	83,748	6.69	62,763	5.66	74,920	7.40	36,361	4.56
Home equity	22,752	1.61	17,877	1.43	18,285	1.65	22,106	2.18	23,185	2.91
Consumer installment[(1)]	4,612	0.33	4,512	0.36	4,942	0.45	4,817	0.48	5,481	0.69
Commercial loans	108,022	7.67	110,271	8.81	172,228	15.54	213,119	21.04	103,554	12.97
Total gross loans	$ 1,408,791	100.00%	$1,251,987	100.00%	$1,108,408	100.00%	$1,012,660	100.00%	$ 798,105	100.00%

[(1)] Includes direct automobile loans (on both new and used automobiles) and personal loans.

Loan Maturity Schedule and Interest Rate Sensitivity

The following table sets forth certain information as of June 30, 2023 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." Home equity loans are included within consumer loan portfolio below.

(In thousands)	1 Year or Less	1-5 Years	5-15 Years	After 15 Years	Total
Fixed rate:					
Residential real estate	$ 349	$ 10,413	$ 156,896	$ 69,981	$ 237,639
Residential construction and land	3,141	172	244	-	3,557
Multi-family	1	561	7,992	-	8,554
Commercial real estate	5,366	43,603	180,409	7,537	236,915
Commercial construction	8,527	13,380	-	-	21,907
Consumer loans	607	4,478	6,705	-	11,790
Commercial loans	6,974	22,744	34,902	647	65,267
Total fixed rate loans	$ 24,965	$ 95,351	$ 387,148	$ 78,165	$ 585,629
Variable rate:					
Residential real estate	$ 17,301	$ 48,247	$ 69,256	$ -	$ 134,804
Residential construction and land	15,515	-	-	-	15,515
Multi-family	2,765	33,556	21,621	-	57,942
Commercial real estate	149,233	212,145	95,143	-	456,521
Commercial construction	88,488	11,563	-	-	100,051
Consumer loans	15,574	-	-	-	15,574
Commercial loans	28,713	4,568	9,474	-	42,755
Total variable rate loans	$ 317,589	$ 310,079	$ 195,494	$ -	$ 823,162
Total loan portfolio	$ 342,554	$ 405,430	$ 582,642	$ 78,165	$ 1,408,791

Potential Problem Loans

Management closely monitors the quality of the loan portfolio and has established a loan review process designed to help grade the quality and profitability of the Company's loan portfolio. The credit quality grade helps management make a consistent assessment of each loan relationship's credit risk. Consistent with regulatory guidelines, the 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." 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* of this Annual Report.

Nonaccrual Loans and Nonperforming Assets

Loans are reviewed on a regular basis to assess collectability of all principal and interest payments due. Management determines that a loan is impaired or nonperforming when it is probable at least a portion of the principal or interest will not be collected in accordance with contractual terms of the note. When a loan is determined to be impaired, the measurement of the loan is based on present value of estimated future cash flows, except that all collateral-dependent loans are measured for impairment based on the fair value of the collateral.

Generally, management places loans on nonaccrual status once the loans have become 90 days or more delinquent or sooner if there is a significant reason for management to believe the collectability is questionable and, therefore, interest on the loan will no longer be recognized on an accrual basis. The Company identifies impaired loans and measures the impairment in accordance with FASB ASC subtopic "*Receivables – Loan Impairment.*" Management may consider a loan impaired once it is classified as nonaccrual and when it is probable that the borrower will be unable to repay the loan according to the original contractual terms of the loan agreement or the loan is restructured in a troubled debt restructuring. A loan does not have to be 90 days delinquent in order to be classified as nonperforming. Foreclosed real estate is considered to be a nonperforming asset. For further discussion and detail regarding impaired loans please refer to Part II, Item 8 Financial Statements and Supplemental Data, Note 4 *Loans* of this Annual Report.

Analysis of Nonaccrual Loans, Nonperforming Assets and Restructured Loans

The table below details additional information related to nonaccrual loans for the periods indicated:

	At June 30,				
(Dollars in thousands)	2023	2022	2021	2020	2019
Nonaccrual loans:					
Residential real estate	$ 2,747	$ 2,948	$ 1,324	$ 2,513	$ 2,474
Residential construction and land	-	1	-	-	-
Multi-family	-	-	-	151	-
Commercial real estate	1,318	1,269	444	781	598
Commercial construction	-	-	-	-	-
Home equity	54	188	237	319	452
Consumer installment	63	7	-	-	6
Commercial	1,276	1,904	296	313	108
Total nonaccrual loans	5,458	6,317	2,301	4,077	3,638
Foreclosed real estate:					
Residential real estate	-	68	64	-	53
Commercial loans	302	-	-	-	-
Total foreclosed real estate	302	68	64	-	53
Total nonperforming assets	$ 5,760	$ 6,385	$ 2,365	$ 4,077	$ 3,691
Troubled debt restructuring:					
Nonperforming (included above)	$ 2,691	$ 2,707	$ 354	$ 304	$ 531
Performing (accruing and excluded above)	2,805	2,336	5,050	909	1,368
Nonaccrual loans to total loans	0.39%	0.50%	0.21%	0.40%	0.46%
Nonperforming loans to total loans	0.39%	0.50%	0.21%	0.40%	0.46%
Nonperforming assets to total assets	0.21%	0.25%	0.11%	0.24%	0.29%
Allowance for loan losses to nonperforming loans	388.64%	360.31%	854.76%	402.04%	362.84%
Allowance for loan losses to nonaccrual loans	388.64%	360.31%	854.76%	402.04%	362.84%

Nonperforming assets amounted to $5.8 million at June 30, 2023 and $6.4 million at June 30, 2022, respectively. Total impaired loans amounted to $10.3 million at June 30, 2023 compared to $10.8 million at June 30, 2022, a decrease of $500,000, or 4.3%. Impaired loans remained stable throughout the fiscal year, with four commercial real estate loans becoming delinquent and going on nonaccrual, one large commercial loan pay off and one commercial loan foreclosed on during the fiscal year. Impaired loans include loans that have been modified in a troubled debt restructuring and are performing under the modified terms and have therefore been returned to performing status.

Commercial real estate impaired loans amounted to $5.3 million as of June 30, 2023, as compared to $3.8 million as of June 30, 2022, an increase of $1.5 million. The increase in commercial real estate impaired loans was the result of four relationships continuing to deteriorate and moving into nonaccrual status, and therefore classified as impaired. The average recorded investment of these new impaired loans was $1.0 million as of June 30, 2023. Commercial impaired loans amounted to $1.9 million as of June 30, 2023, as compared to $3.5 million as of June 30, 2022, a decrease of $1.6 million. The decrease in commercial impaired loans was the result of one relationship being paid off and one relationship moving to foreclosed assets, therefore being removed from impaired.

Loans on nonaccrual 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 nonaccrual 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. Loans on nonaccrual status totaled $6.3 million at June 30, 2022 of which $528,000 were in the process of foreclosure. At June 30, 2022, there were three residential real estate loans totaling $426,000 and one commercial real estate loan totaling $102,000 in the process of foreclosure. Included in nonaccrual loans were $4.4 million of loans which were less than 90 days past due at June 30, 2022, 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.

For additional details on impaired loans, see the table in Part II, Item 8 Financial Statements and Supplemental Data, Note 4, *Loans* of this Annual Report.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the risk inherent in the loan portfolio, the composition of the loan portfolio, specific impaired loans and current economic conditions. Such evaluation, which includes a review of certain identified loans on which full collectability may not be reasonably assured, considers among other matters, the estimated net realizable value or the fair value of the underlying collateral, economic conditions, payment status of the loan, historical loan loss experience and other factors that warrant recognition in providing for an allowance for loan loss. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan 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 disaggregates its loan portfolio as noted in the below allocation of allowance for loan losses table to evaluate for impairment collectively based on historical loss experience. The Company evaluates nonaccrual loans that are over $250,000 and all trouble debt restructured loans individually for impairment, if it is probable that the Company will not be able to collect scheduled payments of principal and interest when due, according to the contractual terms of the loan agreements. The measurement of impaired loans is generally based on the fair value of the underlying collateral. The Company charges loans off against the allowance for loan 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 loan losses, unless equitable arrangements are made. For loans secured by real estate, a charge-off is recorded when it is determined that the collection of all or a portion of a loan may not be collected and the amount of that loss can be reasonably estimated. The allowance for loan losses is increased by a provision for loan losses (which results in a charge to expense) and recoveries of loans previously charged-off and is reduced by charge-offs.

Loans classified as substandard or special mention totaled $41.9 million at June 30, 2023 compared to $52.1 million at June 30, 2022, a decrease of $10.2 million. During the year ended June 30, 2023, the Company upgraded commercial real estate and residential real estate loans from substandard and special mention to pass due to improvements seen in borrower cash flows and financial performance. This was offset by downgrades in commercial loans from pass to special mention 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 classified loan relationships closely. Reserves on these loans totaled $5.2 million at June 30, 2023 compared to $9.6 million at June 30, 2022, a decrease of $4.4 million. No loans were classified as doubtful or loss at June 30, 2023 or 2022. Allowance for loan losses to total loans receivable was 1.51% at June 30, 2023, and 1.82% at June 30, 2022. The decrease in the allowance for loan losses to total loans receivable was due to a decrease in the balance and reserve percentage on loans adversely classified, as loans were upgraded due to improvements in credit quality and loans were paid off during the fiscal year. This was partially offset by the growth in gross loans and increases in the economic qualitative factors during the year, due to elevated inflation levels and the negative impacts higher interest rates could have on borrowers' abilities to repay loans.

Net charge-offs totaled $478,000 and $185,000 for the years ended June 30, 2023 and 2022, respectively. There were no significant net charge-offs in any loan segment during the fiscal year ended June 30, 2023.

Nonperforming loans amounted to $5.5 million and $6.3 million at June 30, 2023 and 2022, respectively. At June 30, 2023 and June 30, 2022, respectively, nonperforming assets were 0.21% and 0.25% of total assets, and nonperforming loans were 0.39% and 0.50% of net loans, with deterioration split primarily in residential real estate loans and commercial loans, year over year. We have not originated "no documentation" mortgage loans and our loan portfolio does not include any mortgage loans that we classify as sub-prime.

Analysis of allowance for loan losses activity

(Dollars in thousands)	2023	2022	2021	2020	2019
	At or for the Years Ended June 30,				
Balance at the beginning of the period	$ 22,761	$ 19,668	$ 16,391	$ 13,200	$ 12,024
Charge-offs:					
Residential real estate	-	27	26	102	287
Commercial real estate	9	-	-	-	74
Consumer installment	535	454	309	459	374
Commercial loans	120	112	500	335	51
Total loans charged off	664	593	835	896	786
Recoveries:					
Residential real estate	6	13	13	16	13
Commercial real estate	4	-	-	-	-
Consumer installment	141	115	124	130	137
Commercial loans	35	280	1	36	153
Total recoveries	186	408	138	182	303
Net charge-offs	478	185	697	714	483
Provisions (benefit) charged to operations	(1,071)	3,278	3,974	3,905	1,659
Balance at the end of the period	$ 21,212	$ 22,761	$ 19,668	$ 16,391	$ 13,200
Allowance for loan losses to total loans receivable	1.51%	1.82%	1.77%	1.62%	1.65%
Residential real estate net charge-offs to average loans	0.00%	0.00%	0.00%	0.01%	0.04%
Commercial real estate net charge-offs to average loans	0.00%	-	-	-	0.01%
Consumer installment net charge-offs to average loans	0.03%	0.03%	0.02%	0.04%	0.03%
Commercial loans net charge-offs to average loans	0.01%	(0.01%)	0.05%	0.03%	(0.01%)
Net charge-offs to average loans outstanding	0.04%	0.02%	0.07%	0.08%	0.06%
Net charge-offs to average assets	0.02%	0.01%	0.04%	0.05%	0.04%

Allocation of Allowance for Loan Losses

The following table sets forth the allocation of the allowance for loan losses by loan category at the dates indicated. The allowance is allocated to each loan category based on historical loss experience and economic conditions. On July 1, 2023, the Company adopted CECL. The models and methodologies are finalized with review controls and processes being finalized. The day-one impact of adopting CECL is not expected to be material to the Company's total capital, however it is expected to create volatility in the level of the allowance for credit loss from quarter to quarter, as changes will be dependent upon macroeconomic forecasts and conditions, loan portfolio volumes, credit quality and key modeling assumptions.

	At June 30,									
	2023		2022		2021		2020		2019	
(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	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 %	$ 2,026	33.6 %
Residential construction and land	181	1.4	141	1.2	106	0.9	141	1.2	87	0.9
Multi-family	197	4.7	119	5.1	186	3.8	176	2.5	180	3.1
Commercial real estate	13,020	49.2	16,221	47.6	13,049	42.7	8,634	37.6	7,110	41.3
Commercial construction	1,622	8.7	1,114	6.7	1,535	5.7	2,053	7.4	872	4.5
Home equity	46	1.6	89	1.4	165	1.6	295	2.2	314	2.9
Consumer installment	332	0.3	349	0.4	267	0.5	197	0.5	250	0.7
Commercial loans	3,201	7.7	2,355	8.8	2,348	15.5	2,804	21.0	2,361	13.0
Unallocated	-	-	-	-	-	-	-	-	-	-
Totals	$ 21,212	100.0 %	$ 22,761	100.0 %	$ 19,668	100.0 %	$ 16,391	100.0 %	$ 13,200	100.0 %

For further discussion and detail regarding the Allowance for Loan Loss, please refer to Part II, Item 8 Financial Statements and Supplemental Data, Note 4 *Loans* of this Annual Report.

PREMISES AND EQUIPMENT

Premises and equipment amounted to $15.0 million and $14.4 million at June 30, 2023 and 2022, respectively. 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. Purchases totaled $1.1 million during the year ended June 30, 2022, consisting primarily of building improvements, IT equipment and new ATMs. Depreciation for the year ended June 30, 2023 totaled $871,000, compared to $826,000 for the year ended June 30, 2022. There were no disposals of premises and equipment during the fiscal years ended June 30, 2023 and 2022.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets totaled $17.5 million at June 30, 2023, compared to $15.2 million at June 30, 2022, an increase of $2.3 million. The increase was due to an increase of $1.3 million in deferred taxes due to the increase in unrealized losses on available for sale securities and an increase of $1.2 million in accrued income tax receivable due to the Company overpaying estimated quarterly tax payments during fiscal 2023. This was offset by a decrease of $132,000 in prepaid expense.

Real estate acquired as a result of foreclosure, or in-substance foreclosure, 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 its fair value, less estimated costs of disposal establishing a new cost basis. Upon transfer to FRE, if the value of the property is less than the loan, less any related specific loan loss provisions, the difference is charged against the allowance for loan losses. Any subsequent write-down of FRE is charged against earnings. There were $302,000 in FRE assets at June 30, 2023. At June 30, 2022, there were $68,000 in FRE assets.

DEPOSITS

Deposits totaled $2.4 billion at June 30, 2023 and $2.2 billion at June 30, 2022, an increase of $224.6 million, or 10.1%. NOW deposits increased $253.2 million, or 17.1%, certificates of deposits increased $87.3 million, or 213.9%, noninterest-bearing deposits decreased $28.6 million, or 15.3%, savings deposits decreased $44.7 million, or 13.0%, money market deposits decreased $42.6 million, or 27.0%, when comparing June 30, 2023 and June 30, 2022. Included within certificates of deposits at June 30, 2023 and June 30, 2022 were $60.0 million and $7.2 million in brokered certificates of deposits, respectively, an increase of $52.8 million. The increase in brokered deposits increased the Company's overall liquidity and cash position in response to the current turmoil in the banking sector. Deposits increased during the year ended June 30, 2023, as a result of increases in municipal deposits at Greene County Commercial Bank, primarily from tax collection and new account relationships, and increases in business accounts at the Bank of Greene County from new account relationships.

	At June 30,					
	2023		2022		2021	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Transaction and savings deposits:						
Noninterest-bearing deposits	$ 159,039	6.5 %	$ 187,697	8.5%	$ 174,114	8.7 %
Certificates of deposit	128,077	5.3	40,801	1.8	34,791	1.7
Savings deposits	299,038	12.3	343,731	15.5	301,050	15.0
Money market deposits	115,029	4.7	157,623	7.1	145,832	7.3
NOW deposits	1,735,978	71.2	1,482,752	67.0	1,349,321	67.3
Total deposits	$ 2,437,161	100.0 %	$ 2,212,604	100.0%	$2,005,108	100.0 %

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)	2023	2022	2021
Estimated amount of uninsured for Bank of Greene County	$ 368,566	$ 328,352	$ 278,632
Estimated amount of uninsured for Greene County Commercial Bank[1]	$ 941,634	$ 858,015	$ 769,247

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

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

(Dollars in thousands)	At June 30, 2023
Portion of certificates of deposits in excess of insurance limits	$ 20,244
Certificates of deposits otherwise uninsured with a maturity of:	
Within three months	$ 14,056
After three but within six months	2,387
After six but within twelve months	-
Over twelve months	3,801

The amount of certificates of deposit by time remaining to maturity as of June 30, 2023 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 $49.5 million at June 30, 2023 compared to $173.0 million at June 30, 2022, a decrease of $123.5 million. At June 30, 2023, borrowings consisted of $49.5 million of fixed-to-floating rate subordinated notes. During the quarter ended June 30, 2023 the Bank established a borrowing facility through the Bank Term Funding Program offered through the Federal Reserve which allows the Bank to borrow on eligible securities at the par value if need. As of June 30, 2023, the Bank did not borrow against this facility.

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, 2023, there were $19.8 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, 2023, there were $29.7 million of these Subordinated Note Purchases Agreements outstanding, net of issuance costs.

The Company's borrowing agreements 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 $28.3 million at June 30, 2023, compared to $28.4 million at June 30, 2022, a decrease of $68,000. The change was primarily due to a decrease in accrued expenses for loss reserve liability accounts related to the closure of Greene Risk Management, a decrease in the federal and state taxes payable, an increase in employee benefit plans, including short-term and long-term incentive plans, and supplemental executive retirement plan. The ASU 2016-02 lease liability also increased by $237,000 when comparing the year ended June 30, 2023 to June 30, 2022 related a new lease entered into for the East Greenbush branch. This was offset by a decrease in the pension liability of $238,000 when comparing the year ended June 30, 2023 to June 30, 2022. 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 $183.3 million at June 30, 2023 from $157.7 million at June 30, 2022, resulting primarily from net income of $30.8 million, partially offset by dividends declared and paid of $2.2 million and an increase in accumulated other comprehensive loss of $3.0 million. Other comprehensive loss increased during the year due to the change in market values of securities available for sale, resulting from the increases in market interest rates.

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 200,000 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, 2023, the Company had repurchased a total of 48,800 shares of the 400,000 shares authorized by the repurchase program. The Company did not repurchase any shares during the year ended June 30, 2023.

Selected Equity Data:	At June 30,	
	2023	2022
Shareholders' equity to total assets, at end of period	6.79%	6.13%
Book value per share[1]	$10.76	$9.26
Closing market price of common stock[1]	$29.80	$22.65

	For the years ended June 30,	
	2023	2022
Average shareholders' equity to average assets	6.58%	6.60%
Dividend payout ratio[1]	15.47%	15.85%
Actual dividends paid to net income[2]	7.12%	9.41%

[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, 2021, December 31, 2021, March 31, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023. Dividends declared during the three months ended June 30, 2022 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, 2023 and 2022

Average Balance Sheet

The following table sets forth certain information relating to the Company for the years ended June 30, 2023 and 2022. 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 nonperforming loans. The loan yields include net amortization of certain deferred fees and costs that are considered adjustments to yields.

	Fiscal Years Ended June 30,					
	2023			2022		
(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[1]	$ 1,371,653	$ 60,049	4.38 %	$ 1,144,308	$ 47,125	4.12 %
Securities non-taxable	672,877	14,385	2.14	652,468	9,517	1.46
Securities taxable	413,417	8,384	2.03	413,721	6,595	1.59
Interest-earning bank balances and federal funds	34,816	1,592	4.57	79,489	157	0.20
FHLB stock	2,890	215	7.44	1,462	50	3.42
Total interest-earning assets	2,495,653	84,625	3.39 %	2,291,448	63,444	2.77 %
Cash and due from banks	12,684			13,474		
Allowance for loan losses	(22,115)			(21,107)		
Other noninterest-earning assets	94,627			82,255		
Total assets	$ 2,580,849			$ 2,366,070		
Interest-Bearing Liabilities:						
Savings and money market deposits	$ 464,988	$ 929	0.20 %	$ 467,543	$ 759	0.16 %
NOW deposits	1,596,832	17,516	1.10	1,446,381	2,434	0.17
Certificates of deposit	69,279	1,610	2.32	34,948	283	0.81
Borrowings	82,816	3,352	4.05	51,193	1,963	3.83
Total interest-bearing liabilities	2,213,915	23,407	1.06 %	2,000,065	5,439	0.27 %
Noninterest-bearing deposits	171,068			185,712		
Other noninterest-bearing liabilities	26,029			24,195		
Shareholders' equity	169,837			156,098		
Total liabilities and equity	$ 2,580,849			$ 2,366,070		
Net interest income		$ 61,218			$ 58,005	
Net interest rate spread			2.33 %			2.50 %
Net earnings assets	$ 281,738			$ 291,383		
Net interest margin			2.45 %			2.53 %
Average interest-earning assets to average interest-bearing liabilities	112.73 %			114.57 %		

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

Taxable-equivalent net interest income and net interest margin

(Dollars in thousands)	For the year ended June 30, 2023	2022
Net interest income (GAAP)	$ 61,218	$ 58,005
Tax-equivalent adjustment[(1)]	5,258	3,670
Net interest income (fully taxable-equivalent)	$ 66,476	$ 61,675
Average interest-earning assets	$2,495,653	$2,291,448
Net interest margin (fully taxable-equivalent)	2.66%	2.69%

(1) Net interest income on a taxable-equivalent basis 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 approximately 21% for federal income taxes for the periods ended June 30, 2023 and 2022, and 4.44% for New York State income taxes for the periods ended June 30, 2023 and 2022.

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, 2023 versus 2022			2022 versus 2021		
	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]	$ 9,808	$ 3,116	$ 12,924	$ 3,484	$ (1,634)	$ 1,850
Securities non-taxable	306	4,562	4,868	3,040	(1,476)	1,564
Securities taxable	(5)	1,794	1,789	1,884	(247)	1,637
Interest-earning bank balances and federal funds	(138)	1,573	1,435	-	76	76
FHLB stock	75	90	165	14	(25)	(11)
Total interest-earning assets	10,046	11,135	21,181	8,422	(3,306)	5,116
Interest-Bearing Liabilities:						
Savings and money market deposits	(4)	174	170	146	(339)	(193)
NOW deposits	281	14,801	15,082	610	(1,071)	(461)
Certificates of deposit	458	869	1,327	(1)	(90)	(91)
Borrowings	1,271	118	1,389	1,117	(116)	1,001
Total interest-bearing liabilities	2,006	15,962	17,968	1,872	(1,616)	256
Net change in net interest income	$ 8,040	$ (4,827)	$ 3,213	$ 6,550	$ (1,690)	$ 4,860

[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, 2023 has been affected most significantly by the increase in volume of loans and securities and the increase in rate 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 17 basis points to 2.33% for the year ended June 30, 2023 compared to 2.50% for the year ended June 30, 2022. Net interest margin decreased 8 basis points to 2.45% for the year ended June 30, 2023 compared to 2.53% for the year ended June 30, 2022. The decrease during the quarter and year ended June 30, 2023 was due to the higher interest rate environment as the rates paid for deposits repriced faster than rates earned on loans and investments resulting in a decrease in net interest rate spread and margin.

INTEREST INCOME

Interest income for the year ended June 30, 2023 amounted to $84.6 million as compared to $63.4 million for the year ended June 30, 2022, an increase of $21.2 million, or 33.4%. The increase in average loan balances had the greatest impact on interest income when comparing the years ended June 30, 2023 and 2022. Interest income is derived from loans, securities and other interest-earning assets. Total average interest-earning assets increased to $2.5 billion for the year ended June 30, 2023 as compared to $2.3 billion for the year ended June 30, 2022, an increase of $204.2 million, or 8.9%. The yield earned on such assets increased 62 basis points to 3.39% for the year ended June 30, 2023 as compared to 2.77% for the year ended June 30, 2022.

Interest income earned on loans increased to $60.0 million for the year ended June 30, 2023 as compared to $47.1 million for the year ended June 30, 2022. Average loans outstanding increased $227.3 million, or 19.9%, to $1.4 billion for the year ended June 30, 2023 as compared to $1.1 billion for the year ended June 30, 2022. The yield on such loans increased 26 basis points to 4.38% for the year ended June 30, 2023 as compared to 4.12% for the year ended June 30, 2022. At June 30, 2023, approximately 58.4% 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 $22.8 million for the year ended June 30, 2023 as compared to $16.1 million for the year ended June 30, 2022. The average balance of securities remained at $1.1 billion for the year ended June 30, 2023 and 2022. The average yield on securities non-taxable increased 68 basis points to 2.14% for the year ended June 30, 2023 as compared to 1.46% for the year ended June 30, 2022. The average yield on securities taxable increased 44 basis points to 2.03% for the year ended June 30, 2023 as compared to 1.59% for the year ended June 30, 2022. 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-earning deposits amounted to $1.6 million for the year ended June 30, 2023 as compared to $157,000 for the year ended June 30, 2022. The average balance of federal funds and interest-earning deposits decreased $44.7 million, or 56.2%, to $34.8 million for the year ended June 30, 2023 as compared to $79.5 million for the year ended June 30, 2022. Dividends on FHLB stock increased to $215,000 for the year ended June 30, 2023 as compared to $50,000 for the year ended June 30, 2022.

INTEREST EXPENSE

Interest expense for the year ended June 30, 2023 amounted to $23.4 million as compared to $5.4 million for the year ended June 30, 2022, an increase of $18.0 million. The increase in rate on interest-bearing liabilities had the greatest impact on interest expense when comparing the years ended June 30, 2023 and 2022. The rate paid on interest-bearing liabilities increased 79 basis points to 1.06% for the year ended June 30, 2023 compared to 0.27% for the year ended June 30, 2022. Total average interest-bearing liabilities increased to $2.2 billion for the year ended June 30, 2023 as compared to $2.0 billion for the year ended June 30, 2022, an increase of $213.9 million, or 10.7%. 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 $929,000 for the year ended June 30, 2023 as compared to $759,000 for the year ended June 30, 2022, an increase of $170,000, or 22.4%. The average rate paid on savings and money market accounts increased 4 basis points to 0.20% for the year ended June 30, 2023 as compared to 0.16% for the year ended June 30, 2022. The average balance of savings and money market accounts decreased by $2.5 million to $465.0 million for the year ended June 30, 2023 as compared to $467.5 million for the year ended June 30, 2022.

Interest expense paid on NOW accounts amounted to $17.5 million for the year ended June 30, 2023 as compared to $2.4 million for the year ended June 30, 2022, an increase of $15.1 million. The average rate paid on NOW accounts increased 93 basis points to 1.10% for the year ended June 30, 2023 as compared to 0.17% for the year ended June 30, 2022. The average balance of NOW accounts increased $150.5 million to $1.6 billion for the year ended June 30, 2023 as compared to $1.4 billion for the year ended June 30, 2022.

Interest expense paid on certificates of deposit amounted to $1.6 million for the year ended June 30, 2023 as compared to $283,000 for the year ended June 30, 2022, an increase of $1.3 million. The average rate paid on certificates of deposit increased 151 basis points to 2.32% for the year ended June 30, 2023 as compared to 0.81% for the year ended June 30, 2022. The average balance on certificates increased $34.3 million to $69.3 million for the year ended June 30, 2023 as compared to $35.0 million for the year ended June 30, 2022.

Interest expense on borrowings amounted to $3.4 million for the year ended June 30, 2023 as compared to $2.0 million for the year ended June 30, 2022, as the average balance of borrowings increased $31.6 million to $82.8 million for the year ended June 30, 2023 as compared to $51.2 million for the year ended June 30, 2022. The average rate paid on borrowings increased 22 basis points to 4.05% from 3.83% during the period.

PROVISION FOR LOAN LOSSES

Management continues to closely monitor asset quality and adjust the level of the allowance for loan losses when necessary. The amount recognized for the provision for loan losses is determined by management based on its ongoing analysis of the adequacy of the allowance for loan losses. Provision for loan losses amounted to a benefit of $1.1 million and a charge of $3.3 million for the years ended June 30, 2023 and 2022, respectively. The benefit for the years ended June 30, 2023 was due to a decrease in the balance and reserve percentage on loans adversely classified, as loans were upgraded due to improvements in credit quality and loans were paid off during the fiscal year. This was partially offset by the growth in gross loans and increases in the economic qualitative factors during the year, due to elevated inflation levels and the negative impacts higher interest rates could have on borrowers' abilities to repay loans. For additional details relating to the allocation of the provision for loan losses, see Part II, Item 8 Financial Statements and Supplemental Data, Note 4, *Loans* of this report.

NONINTEREST INCOME

(Dollars in thousands)	For the years ended June 30,		Change from Prior Year	
	2023	2022	Amount	Percent
Service charges on deposit accounts	$ 4,713	$ 4,439	$ 274	6.17%
Debit card fees	4,512	4,381	131	2.99
Investment services	781	944	(163)	(17.27)
E-commerce fees	110	107	3	2.80
Bank owned life insurance	1,369	1,269	100	7.88
Net loss on sale of securities available-for-sale	(251)	-	(251)	(100.00)
Other operating income	912	997	(85)	(8.53)
Total noninterest income	$ 12,146	$ 12,137	$ 9	0.07%

Noninterest income remained unchanged at $12.1 million for the year ended June 30, 2023 compared to year ended June 30, 2022. During the year ended June 30, 2023, there was an increase in debit card fees, service charges on deposit accounts resulting from continued growth in the number of checking accounts with debit cards and the number of deposit accounts, and income from bank owned life insurance. This was offset by a decrease in investment service income and a net loss on sale of securities available-for-sale.

NONINTEREST EXPENSE

(Dollars in thousands)	For the years ended June 30,		Change from Prior Year	
	2023	2022	Amount	Percent
Salaries and employee benefits	$ 23,418	$ 20,667	$ 2,751	13.31%
Occupancy expense	2,333	2,305	28	1.21
Equipment and furniture expense	699	806	(107)	(13.28)
Service and data processing fees	2,869	2,589	280	10.81
Computer software, supplies and support	1,653	1,531	122	7.97
Advertising and promotion	498	491	7	1.43
FDIC insurance premiums	1,085	826	259	31.36
Legal and professional fees	3,024	1,414	1,610	113.86
Other	3,029	3,330	(301)	(9.04)
Total noninterest expense	$ 38,608	$ 33,959	$ 4,649	13.69%

Noninterest expense increased $4.6 million, or 13.7%, to $38.6 million for the year ended June 30, 2023 compared to $34.0 million for the year ended June 30, 2022. The increase in noninterest expense during the year ended June 30, 2023 was primarily due to increases in salaries and employee benefits expense due to new positions created during the period to support the Company's growth, increases in FDIC insurance premiums of $259,000, and increases in legal and professional fees of $1.6 million due to non-recurring litigation expense and associated legal fees.

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 14.1% and 14.9% for the years ended June 30, 2023 and 2022, 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 years effective tax rate was the result of an increase in tax-exempt income proportional to total 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, 2023, cash and cash equivalents totaled $196.4 million, or 7.3% 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 $157.9 million and $143.4 million and purchases of securities totaled $212.0 million and $669.2 million for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, as the Company originated loans for retention in its portfolio.

On March 12, 2023, in response to liquidity concerns in the banking system, the Federal Deposit Insurance Corporation, Federal Reserve and U.S. Department of Treasury, collaboratively approved certain actions with a stated intention to reduce stress across the financial system, support financial stability and minimize any impact on business, households, taxpayers, and the broader economy. Among other actions, the Federal Reserve Board has created a new Bank Term Funding Program (BTFP) to make additional funding available to eligible depository institutions to help assure institutions can meet the needs of their depositors. Eligible institutions may obtain liquidity against a wide range of collateral, at par value. BTFP advances can be requested through at least March 11, 2024. The Bank established a borrowing facility through the BTFP during the quarter ended June 30, 2023. The Company has not requested funding through the BTFP as of June 30 2023.

In efforts to enhance strong levels of liquidity and to fund strong loan demand, the Bank and Commercial Bank (the "Banks") accept brokered certificates of deposits, generally in denominations of less than $250,000, from national brokerage networks, including through IntraFi's one-way CDARS and ICS products. The Banks can place and obtain brokered deposits from a national brokerage network and IntraFi up to 10% of total deposits form each broker based on policy. Both Banks have available funds from the IntraFi one-way CDARS and ICS deposits in the combined amount of $243.7 million per policy, which both had zero outstanding at June 30, 2023. Additionally, both Banks participate in the CDARS and the ICS IntraFi products, which provides for reciprocal two-way transactions among other institutions facilitated by IntraFi for the purpose of maximizing FDIC insurance for depositors. The Bank also has available funds from a national brokerage network in the amount of $243.7 million per policy, which there was $60.0 million outstanding at June 30, 2023.

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, 2023, The Bank of Greene County's maximum borrowing from the FHLB reached $136.0 million. As of the year ended June 30, 2023, there were no 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, 2023, liquidity measures were as follows:

Cash equivalents/(deposits plus short term borrowings)	8.06%
(Cash equivalents plus unpledged securities)/(deposits plus short term borrowings)	8.33%
(Cash equivalents plus unpledged securities plus additional borrowing capacity)/(deposits plus short term borrowings)	23.34%

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. These transactions include commitments to fund new loans and unused portions of lines of credit and are undertaken to accommodate the financing needs of the Company's customers. 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. 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, 2023, 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, 2023 and 2022:

(In thousands)	2023	2022
Unfunded loan commitments	$ 124,498	$ 213,420
Unused lines of credit	94,898	85,971
Standby letters of credit	179	189
Total commitments	$ 219,575	$ 299,580

The Company anticipates that it will have sufficient funds available to meet current loan commitments. Certificates of deposit scheduled to mature in one year or less from June 30, 2023 totaled $116.0 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. 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 $110.0 million in municipal letters of credit outstanding at June 30, 2023.

The Company has risk participation agreements ("RPAs") 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. RPAs where 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. The Company had no participations-out at June 30, 2023 or 2022. 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. There was no credit exposure associated with risk participations-ins as of June 30, 2023 and June 30, 2022 due to the rise in interest rate. The RPAs participations-ins are spread out over four financial institution counterparties and terms range between 4 to 14 years.

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 year ended June 30, 2023. At June 30, 2023 and 2022, 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 17. *Regulatory Matters* of this Annual Report. Shareholders' equity represented 6.8% and 6.1% of total consolidated assets at June 30, 2023 and 2022, 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

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 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 does not engage in any derivative-based hedging transactions, such as 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, 2023. 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, 2023. 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, 2023.

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	$ 169,423	$ (107,872)	(38.90) %	7.15 %	(357) bps
+200 bp	201,050	(76,245)	(27.50)	8.25	(247)
+100 bp	239,443	(37,852)	(13.65)	9.54	(118)
PAR	277,295	-	-	10.72	-
-100 bp	313,201	35,906	12.95	11.73	101

[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 rising interest rate environment, EVE sensitivity has increased across the industry, as loans and investments were originated and purchased during the historically low rate environment. As the Federal Reserve's monetary policy has been to raise interest rates in response to the inflationary pressure, the loans and investments have lost market value. EVE sensitivity will continue to increase if rates 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 an instantaneous rate increase of +200 bp and +300 bp, the EVE is outside of the Company's policy limits. This contemplates an instantaneous rate shock, 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 has taken corrective action by purchasing short-term investments over the fiscal year 2023, which improved the ratios.

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, 2023, 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 16.29% and 7.75% 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, 2023. 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, 2023, 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/ Michelle Plummer
Michelle Plummer, CPA, CGMA
Senior Executive Vice President,
Chief Operating Officer and
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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2023, 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, 2023, 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 8, 2023, 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.

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 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 separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Critical Audit Matters (Continued)
Allowance for Loan Losses – Qualitative Factor Component

The allowance for loan losses as of June 30, 2023 was $21.2 million. As described in Notes 1 and 4 to the consolidated financial statements, the allowance for loan losses is established through a provision for loan losses and represents an amount which, in management's judgement, will be adequate to absorb losses on existing loans. The level of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, payment status of the loan and economic conditions.

The allowance consists of specific and general components in the amounts of $2.0 million and $19.2 million, respectively. Specific reserves estimate potential losses on identified impaired loans with uncertain collectability of principal and interest. The general component covers pools of loans by loan class including commercial loans not considered impaired, as well as smaller balance homogeneous loans, such as residential real estate, home equity, and other consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these categories of loans, adjusted for qualitative risk factors. The general component is calculated using a systematic methodology with both a quantitative and a qualitative analysis that is applied on a quarterly basis. For purposes of the allowance methodology, the loan portfolio is segmented as described in Note 4. Each segment has a distinct set of risk characteristics monitored by management. Risk is further assessed and monitored and determined at a more disaggregated level, which includes the risk grading system as described in Note 4 under Credit Quality Indicators.

To determine the general component of the allowance the Company applies the historical loss rate to pools of loans with similar risk characteristics. After consideration of the historic loss analysis, management applies additional qualitative adjustments so that the allowance for loan losses is reflective of the estimate of incurred losses that exist in the loan portfolio at the statement of financial condition date. Qualitative adjustments are made if the incurred loan losses inherent in the loan portfolio are not fully captured in the historical loss analysis. Qualitative considerations include changes in underwriting standards and policies; changes in market and economy; changes in nature volume and terms, experience; changes in the ability and depth of lending management and staff; changes in volume of delinquency and non-accruals; changes in the quality of the loan review system; changes in collateral, changes in concentrations of credit; and other external factors.

The evaluation of the qualitative factors requires a significant amount of judgement by management and involves a high degree of subjectivity. We identified the qualitative factor component of the allowance for loan losses as a critical audit matter as auditing the underlying qualitative factors required significant auditor judgment as amounts determined by management rely on analysis that is highly subjective and includes significant estimation uncertainty.

Our audit procedures related to the qualitative factors included the following, among others:

- Assessing management's methodology and considering whether relevant risks were reflected in the modeled provision and whether adjustments to modeled calculations were appropriate.
- Evaluating the completeness and accuracy of data inputs used as a basis for the adjustments relating to qualitative general reserve factors and considering whether the sources of data and factors that management used in forming the assumptions are relevant, reliable, and sufficient for the purpose based on the information gathered.
- Evaluating the reasonableness of management's judgments related to the qualitative and quantitative assessment of the data used in the determination of the general reserve qualitative adjustments for consistency with each other, the supporting data, relevant historical data, and industry data.
- Analytically evaluating the qualitative adjustment in the current year compared to prior years for directional consistency and reasonableness.
- Testing the calculations used by management to translate the assumptions and key factors into the allowance estimated amount.

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

/s/ Bonadio & Co., LLP
Pittsford, New York
September 8, 2023

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, 2023, 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, 2023, 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 8, 2023, 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 8, 2023

Greene County Bancorp, Inc.
Consolidated Statements of Financial Condition
As of June 30, 2023 and 2022
(In thousands, except share and per share amounts)

ASSETS	2023	2022
Total cash and cash equivalents	$ 196,445	$ 69,009
Long-term certificates of deposit	4,576	4,107
Securities available-for-sale, at fair value	281,133	408,062
Securities held-to-maturity, at amortized cost (fair value $671,066 at June 30, 2023; $710,453 at June 30, 2022)	726,363	761,852
Equity securities, at fair value	306	273
Federal Home Loan Bank stock, at cost	1,682	6,803
Gross loans receivable	1,408,791	1,251,987
Allowance for loan losses	(21,212)	(22,761)
Unearned origination fees and costs, net	75	129
Net loans receivable	1,387,654	1,229,355
Premises and equipment, net	15,028	14,362
Bank-owned life insurance	55,063	53,695
Accrued interest receivable	12,249	8,917
Foreclosed real estate	302	68
Prepaid expenses and other assets	17,482	15,237
Total assets	$ 2,698,283	$ 2,571,740
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	$ 159,039	$ 187,697
Interest bearing deposits	2,278,122	2,024,907
Total deposits	2,437,161	2,212,604
Borrowings from Federal Home Loan Bank, short-term	-	123,700
Subordinated notes payable, net	49,495	49,310
Accrued expenses and other liabilities	28,344	28,412
Total liabilities	2,515,000	2,414,026
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, 2023 and June 30, 2022 Outstanding –17,026,828 shares at June 30, 2023 and June 30, 2022	1,722	1,722
Additional paid-in capital	10,156	10,156
Retained earnings	193,721	165,127
Accumulated other comprehensive loss	(21,408)	(18,383)
Treasury stock, at cost 195,852 shares at June 30, 2023 and June 30, 2022	(908)	(908)
Total shareholders' equity	183,283	157,714
Total liabilities and shareholders' equity	$ 2,698,283	$ 2,571,740

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Years Ended June 30, 2023 and 2022
(In thousands, except share and per share amounts)

	2023	2022
Interest income:		
Loans	$ 60,049	$ 47,125
Investment securities - taxable	2,859	1,653
Mortgage-backed securities	5,740	4,992
Investment securities - tax exempt	14,385	9,517
Interest-bearing deposits and federal funds sold	1,592	157
Total interest income	84,625	63,444
Interest expense:		
Interest on deposits	20,055	3,476
Interest on borrowings	3,352	1,963
Total interest expense	23,407	5,439
Net interest income	61,218	58,005
Provision for loan losses	(1,071)	3,278
Net interest income after provision for loan losses	62,289	54,727
Noninterest income:		
Service charges on deposit accounts	4,713	4,439
Debit card fees	4,512	4,381
Investment services	781	944
E-commerce fees	110	107
Bank owned life insurance	1,369	1,269
Net loss on securities available-for-sale	(251)	-
Other operating income	912	997
Total noninterest income	12,146	12,137
Noninterest expense:		
Salaries and employee benefits	23,418	20,667
Occupancy expense	2,333	2,305
Equipment and furniture expense	699	806
Service and data processing fees	2,869	2,589
Computer software, supplies and support	1,653	1,531
Advertising and promotion	498	491
FDIC insurance premiums	1,085	826
Legal and professional fees	3,024	1,414
Other	3,029	3,330
Total noninterest expense	38,608	33,959
Income before provision for income taxes	35,827	32,905
Provision for income taxes	5,042	4,919
Net income	$ 30,785	$ 27,986
Basic earnings per share	$ 1.81	$ 1.64
Basic average shares outstanding	17,026,828	17,026,828
Diluted earnings per share	$ 1.81	$ 1.64
Diluted average shares outstanding	17,026,828	17,026,828
Dividends per share	$ 0.28	$ 0.26

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Years ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Net Income	$ 30,785	$ 27,986
Other comprehensive loss:		
Unrealized holding losses on securities available-for-sale, gross	(4,708)	(24,038)
Tax effect	(1,261)	(6,422)
Unrealized holding losses on securities available-for-sale, net	(3,447)	(17,616)
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	218	290
Tax effect	58	78
Pension actuarial gain, net	160	212
Amortization of pension actuarial losses recognized in salaries and benefits, gross	106	248
Tax effect	28	66
Amortization of pension actuarial losses recognized in salaries and benefits, net	78	182
Total other comprehensive loss, net of taxes	(3,025)	(17,222)
Comprehensive income	$ 27,760	$ 10,764

See notes to consolidated financial statements

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended June 30, 2023 and 2022
(In thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at June 30, 2021	$ 1,722	$ 10,156	$ 139,775	$ (1,161)	$ (908)	$ 149,584
Dividends declared			(2,634)			(2,634)
Net income			27,986			27,986
Other comprehensive loss, net of taxes				(17,222)		(17,222)
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

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Cash flows from operating activities:		
Net Income	$ 30,785	$ 27,986
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	871	826
Deferred income tax benefit	(149)	(682)
Net amortization of investment premiums and discounts	2,418	3,386
Net amortization (accretion) of deferred loan costs and fees	259	(3,320)
Amortization of subordinated debt issuance costs	185	165
Provision for loan losses	(1,071)	3,278
Bank owned life insurance income	(1,369)	(1,269)
Net loss on sale of securities available-for-sale	251	-
Net (gain) loss on equity securities	(33)	34
Net loss (gain) on sale of foreclosed real estate	26	(39)
Net decrease in accrued income taxes	(1,121)	(1)
Net increase in accrued interest receivable	(3,332)	(1,136)
Net decrease in prepaid expenses and other assets	133	176
Net increase in accrued expenses and other liabilities	256	5,950
Net cash provided by operating activities	28,109	35,354
Cash flows from investing activities:		
Securities available-for-sale:		
Proceeds from maturities	262,884	242,983
Proceeds from sale of securities	1,675	-
Purchases of securities	(154,365)	(315,639)
Principal payments on securities	11,205	29,912
Securities held-to-maturity:		
Proceeds from maturities	70,275	54,207
Purchases of securities	(57,596)	(353,573)
Principal payments on securities	21,236	32,596
Net redemption (purchase) of Federal Home Loan Bank Stock	5,121	(5,712)
Purchase of long term certificate of deposit	(1,225)	-
Maturity of long term certificate of deposit	735	425
Purchase of bank owned life insurance	-	(12,000)
Net increase in loans receivable	(157,949)	(143,406)
Proceeds from sale of foreclosed real estate	202	75
Purchases of premises and equipment	(1,537)	(1,051)
Net cash provided by (used in) investing activities	661	(471,183)
Cash flows from financing activities:		
Net (decrease) increase in short-term FHLB advances	(123,700)	123,700
Net decrease in short-term advances from other banks	-	(3,000)
Net proceeds from subordinated notes payable	-	29,501
Payment of cash dividends	(2,191)	(2,634)
Net increase in deposits	224,557	207,496
Net cash provided by financing activities	98,666	355,063
Net increase (decrease) in cash and cash equivalents	127,436	(80,766)
Cash and cash equivalents at beginning of year	69,009	149,775
Cash and cash equivalents at end of year	$ 196,445	$ 69,009
Non-cash investing activities:		
Foreclosed loans transferred to other real estate	$ 462	$ 40
Cash paid during period for:		
Interest	$ 23,074	$ 5,182
Income taxes	$ 6,312	$ 5,602

See 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. 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.

On March 23, 2023, the Company effected a 2-for-1 stock split in the form of a stock dividend on its outstanding shares of common stock. All share and per share data throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect the stock split. The shares of common stock retain a par value of $0.10 per share. Accordingly, an amount equal to the par value of the increased shares resulting from the stock split, $861,134, was reclassified from "Additional paid-in capital" to "Common stock".

Nature of Operations

The Company's primary business is the ownership and operation of its subsidiaries. At June 30, 2023, the Bank has 18 full-service offices and an operations 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, 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, 2023 and 2022, the Bank elected to utilize the IRS DBLA test and satisfied the requirements of this test.

Use of Estimates

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits at other financial institutions, investments (with original maturity of three months or less), and overnight federal funds sold. The amounts of interest-bearing deposits included as cash equivalents at June 30, 2023 and 2022 were $181.1 million and $54.7 million, respectively.

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 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 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 16, *Fair Value Measurements and Fair Value of Financial Instruments*. Amortization of bond premiums and accretion of bond discounts are amortized over the expected life of the securities using the interest method.

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

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

For debt securities, credit-related OTTI is recognized in earnings while noncredit related OTTI on securities not expected to be sold is recognized in other comprehensive income/loss ("OCI"). Credit-related OTTI is measured as the difference between the present value of an impaired security's expected cash flows and its amortized cost basis. Noncredit-related OTTI is measured as the difference between the fair value of the security and its amortized cost less any credit-related losses recognized. For securities classified as held-to-maturity, the amount of OTTI recognized in OCI is accreted to the credit-adjusted expected cash flow amounts of the securities over future periods. For equity securities, the entire amount of OTTI is recognized in earnings.

Loans

Loans are stated at unpaid principal balances, less the allowance for loan losses and net deferred loan origination fees and costs. 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.

Allowance for Loan Losses

The allowance for loan losses is an estimate of probable credit losses that is inherent in the loan portfolio as of the balance sheet date. The allowance is maintained at a level that the Company deems adequate to absorb all reasonably anticipated probable losses from specifically known and other risks associated with the portfolio. The allowance for loan losses is maintained by a provision for loan losses charged to expense, reduced by net charge-offs and increased by recoveries of loans previously charged off. The level of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, payment status of the loan and economic conditions.

The Company evaluates nonaccrual loans that are over $250,000 and all trouble debt restructured loans individually for impairment, if it is probable that the Company will not be able to collect scheduled payments of principal and interest when due, according to the contractual terms of the loan agreements. The measurement of impaired loans is generally based on the fair value of the underlying collateral, less estimated costs to sell. The majority of the Company's loans, including most nonaccrual loans, are small homogeneous loan types adequately supported by collateral. As a result, the level of impaired loans may only be a portion of nonaccrual loans. Loans that are delinquent or slow paying may not be impaired. Management considers the payment status of loans in the process of evaluating the adequacy of the allowance for loan losses among other factors. Based on this evaluation, a delinquent loan's risk rating may be downgraded to either pass-watch, special mention, or substandard, and the allocation of the allowance for loan loss is based upon the risk associated with such designation.

The allowance for loan losses for non-impaired loans is calculated using a systematic methodology with both a quantitative and a qualitative analysis that is applied on a quarterly basis. For purposes of our allowance methodology, the loan portfolio is segmented as described in Note 4. Each segment has a distinct set of risk characteristics monitored by management. We further assess and monitor risk and performance at a more disaggregated level, which includes our internal risk grading system as described in Note 4 under Credit Quality Indicators.

To determine the allowance for the non-impaired loans the Company applies the historical loss rate to pools of loans with similar risk characteristics. After consideration of the historic loss analysis, management applies additional qualitative adjustments so that the allowance for loan losses is reflective of the estimate of incurred losses that exist in the loan portfolio at the balance sheet date. Qualitative adjustments are made if the incurred loan losses inherent in the loan portfolio are not fully captured in the historical loss analysis. Qualitative considerations include changes in underwriting standards and policies; changes in market and economy; changes in nature volume and terms, experience; changes in the ability and depth of lending management and staff; changes in volume of delinquency and nonaccruals; changes in the quality of the loan review system; changes in collateral, changes in concentrations of credit; and other external factors.

Income Recognition on Impaired and Nonaccrual loans

The Company generally places a loan, including impaired loans, on nonaccrual status when it is specifically determined to be impaired or 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 impaired, 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.

Foreclosed Real Estate (FRE)

FRE consists of properties acquired through mortgage loan foreclosure proceedings or in full or partial satisfaction of loans. FRE is initially recorded at fair value (less estimated costs to sell) at the date the collateral is acquired establishing a new cost basis and any shortfall is charged to the allowance for loan losses at this time. Subsequently, management reviews the value of FRE and write-downs, if any, are charged to expense. All expenses and income related to FRE are included in consolidated results of operations as part of noninterest expense.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using principally the straight-line method over the estimated useful lives of the related assets (39 years for building and improvements, 3-8 years for furniture and equipment). 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. Leasehold improvements are amortized over the lesser of the related terms of the leases or their useful life.

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 senior and executive officers. BOLI is carried at cash surrender value. Changes in 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, 2023, 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 other-than-temporary impairment charge was recorded during the years ended June 30, 2023 and 2022.

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, 2023 and 2022.

<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.

<u>Net Gains/Losses on Sales of Foreclosed Real Estate</u>: 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 $498,000 and $491,000 for the years ended June 30, 2023 and 2022, respectively.

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 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 for calculation of EPS.

Impact of Recent Accounting Pronouncements

Accounting Pronouncements to be adopted in future periods

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.

The Company implemented a detailed project plan, established a governance structure, utilized a software vendor for modeling purposes, hired resources to support the CECL modeling, incorporated data requirements and enhancements into the Company's standard processes, and documented accounting policy elections in order to implement the standard. The Company has selected portfolio segmentations of commercial loans, commercial real estate loans, consumer loans, home equity loans and residential real estate loans. Regression models were developed using peer data with similar credit risk profiles as the Company, utilizing two economic factors of the national GDP and the national unemployment rate for the commercial, commercial real estate, home equity and residential real estate segments. The Company has elected a four-quarter reasonable and supportable forecast period, with a four-quarter reversion period using the straight-line method. The discounted cash flow methodology will be used to calculate the CECL reserve for the commercial, commercial real estate, home equity and residential real estate loans. The remaining life method will be utilized to determine the CECL reserve for the consumer loan segment, which was determined to be immaterial to the overall reserve. The Company elected to evaluate loans individually when they are both collateral dependent and have a balance of $250,000 or more, which is consistent with regulatory requirements. A qualitative factor framework has been developed to adjust the quantitative loss rates for asset-specific risk characteristics and current conditions at the reporting date. The Company has run parallel models for the last two quarters, evaluated the model back-testing and sensitivity analysis results, and reviewed the results from an independent third party model validation engagement.

The Company finalized the methodology, calculation and reserve processes related to HTM investment securities that utilizes a probability of default/loss given default model, using default data from a well-recognized source for investments that have not been determined to be zero loss securities. The Company also finalized the methodology, calculation and reserve processes related to the liability for off-balance sheet credit exposures, which models the liability for loans committed but not funded using historical funding percentages for lines of credit.

The Company continues to finalize certain review controls and procedures, including the preparation of required financial statement disclosures. The Company does not expect a material adjustment to the stockholders' equity balance on an after-tax basis, inclusive of the estimated liability for off-balance sheet exposures, upon the adoption of ASU 2016-13 on July 1, 2023. Upon adoption the Company's allowance for credit losses became reflective of all credit losses expected over the lifetime of the Company's applicable financial assets. The entire increase in the allowance for credit losses will be reflected in the Company's regulatory capital ratios and will not have a significant impact.

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 that amended 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 will implement this standard for the fiscal year beginning July 1, 2023.

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 expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company does not expect the impact of adopting the new guidance on the consolidated financial statements to have a material impact. The Company's LIBOR exposure is minimal and limited to a couple of participation loans and risk participation agreements. The Company is working with the lead lenders to execute the required contract modifications.

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, from 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.

In March 2022, the FASB issued ASU No. 2022-02, amendments related to Troubled Debt Restructurings (TDRs) for all entities after they adopt 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 updated the accounting guidance for TDRs by eliminating the recognition and measurement guidance contained in Subtopic 310-40 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. The effective dates for the amendments in this Update are the same as the effective dates in Update 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 will implement the Update with the adoption of ASU 2016-13. The adoption is not expected to have a material impact on the consolidated financial statements and related disclosures.

Note 2. Balances at other banks

The Bank is required to maintain certain reserves of vault cash and/or deposits 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, 2023 and June 30, 2022.

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, 2023, 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 interest rate swaps or caps.

Securities at June 30, 2023 consisted of the following:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
U.S. government sponsored enterprises	$ 13,054	$ -	$ 2,231	$ 10,823
U.S. treasury securities	18,349	-	1,849	16,500
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
Securities held-to-maturity:				
U.S. treasury securities	33,705	-	2,438	31,267
State and political subdivisions	478,756	5,178	30,662	453,272
Mortgage-backed securities-residential	37,186	-	3,625	33,561
Mortgage-backed securities-multi-family	155,046	-	20,324	134,722
Corporate debt securities	21,632	-	3,426	18,206
Other securities	38	-	-	38
Total securities held-to-maturity	726,363	5,178	60,475	671,066
Total securities	$ 1,035,516	$ 5,848	$ 89,165	$ 952,199

Securities at June 30, 2022 consisted of the following:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
U.S. government sponsored enterprises	$ 13,066	$ -	$ 1,747	$ 11,319
U.S. treasury securities	20,158	-	1,731	18,427
State and political subdivisions	247,978	374	276	248,076
Mortgage-backed securities-residential	33,186	-	3,289	29,897
Mortgage-backed securities-multi-family	99,353	-	15,644	83,709
Corporate debt securities	17,884	-	1,250	16,634
Total securities available-for-sale	431,625	374	23,937	408,062
Securities held-to-maturity:				
U.S. treasury securities	33,623	-	1,643	31,980
State and political subdivisions	493,897	2,760	35,747	460,910
Mortgage-backed securities-residential	42,461	1	2,242	40,220
Mortgage-backed securities-multi-family	171,921	2	13,895	158,028
Corporate debt securities	19,900	16	651	19,265
Other securities	50	-	-	50
Total securities held-to-maturity	761,852	2,779	54,178	710,453
Total securities	$ 1,193,477	$ 3,153	$ 78,115	$ 1,118,515

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. government sponsored enterprises	$ -	$ -	-	$ 10,823	$ 2,231	5	$ 10,823	$ 2,231	5
U.S. treasury securities	761	57	2	15,739	1,792	6	16,500	1,849	8
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

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, 2022.

	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. government sponsored enterprises	$ 11,319	$ 1,747	5	$ -	$ -	-	$ 11,319	$ 1,747	5
U.S. treasury securities	18,427	1,731	8	-	-	-	18,427	1,731	8
State and political subdivisions	140,324	276	148	-	-	-	140,324	276	148
Mortgage-backed securities-residential	29,872	3,289	27	-	-	-	29,872	3,289	27
Mortgage-backed securities-multi-family	71,631	12,868	29	12,078	2,776	5	83,709	15,644	34
Corporate debt securities	16,634	1,250	16	-	-	-	16,634	1,250	16
Total securities available-for-sale	288,207	21,161	233	12,078	2,776	5	300,285	23,937	238
Securities held-to-maturity:									
U.S. treasury securities	31,980	1,643	9	-	-	-	31,980	1,643	9
State and political subdivisions	353,837	35,564	2,362	735	183	5	354,572	35,747	2,367
Mortgage-backed securities-residential	39,865	2,242	27	-	-	-	39,865	2,242	27
Mortgage-backed securities-multi-family	155,726	13,895	68	-	-	-	155,726	13,895	68
Corporate debt securities	10,751	651	11	-	-	-	10,751	651	11
Total securities held-to-maturity	592,159	53,995	2,477	735	183	5	592,894	54,178	2,482
Total securities	$ 880,366	$ 75,156	2,710	$ 12,813	$ 2,959	10	$ 893,179	$ 78,115	2,720

Management evaluated these securities considering the factors as outlined in Note 1 of these consolidated financial statements, and based on this evaluation, the Company does not consider these investments to be other-than-temporarily impaired at June 30, 2023. Management believes that the reasons for the decline in fair value are due to the rising interest rates at the reporting date. As of June 30, 2023, unrealized losses were primarily attributable to changes in interest rates as it relates to when the investment securities were purchased, and not due to the credit quality of the investment securities. The Company does not intend to sell, nor is it more likely than not, that the Company will be required to sell the security before recovery of the amortized cost basis.

There were no transfers of securities available-for-sale to held-to-maturity during the year ended June 30, 2023 or 2022. 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. During the year ended June 30, 2022 there were no sales of securities and no gains or losses recognized. There were no other-than-temporary impairment losses recognized during the years ended June 30, 2023 and 2022.

The estimated fair values of debt securities at June 30, 2023, 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	$ 137,531	$ 138,195
After one year through five years	34,138	31,232
After five years through ten years	15,382	12,855
After ten years	1,500	1,164
Total securities available-for-sale	188,551	183,446
Mortgage-backed and asset-backed securities	120,602	97,687
Total securities available-for-sale	309,153	281,133
Securities held-to-maturity		
Within one year	67,112	66,400
After one year through five years	163,523	158,774
After five years through ten years	149,672	140,416
After ten years	153,824	137,193
Total securities held-to-maturity	534,131	502,783
Mortgage-backed securities	192,232	168,283
Total securities held-to-maturity	726,363	671,066
Total securities	$ 1,035,516	$ 952,199

As of June 30, 2023 and 2022, respectively, securities with an aggregate fair value of $904.8 million and $892.9 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, 2023 and 2022, securities with an aggregate fair value of $20.8 million and $17.4 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, 2023 or 2022.

Note 4. Loans

Loan segments and classes at June 30, 2023 and 2022 are summarized as follows:

	At June 30,	
(In thousands)	2023	2022
Residential real estate:		
Residential real estate	$ 372,443	$ 360,824
Residential construction and land	19,072	15,298
Multi-family	66,496	63,822
Commercial real estate:		
Commercial real estate	693,436	595,635
Commercial construction	121,958	83,748
Consumer loan:		
Home equity	22,752	17,877
Consumer installment	4,612	4,512
Commercial loans	108,022	110,271
Total gross loans	1,408,791	1,251,987
Allowance for loan losses	(21,212)	(22,761)
Deferred cost and fees, net	75	129
Loans receivable, net	$ 1,387,654	$ 1,229,355

At June 30, 2023 and 2022, loans to related parties including officers and directors were immaterial as a percentage of our loan portfolio.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law on March 27, 2020 to provide national emergency economic relief measures. On December 27, 2020, the Consolidated Appropriations Act (CCA) was signed into law to extend the life of the Paycheck Protection Program. Many of the CARES Act's programs are dependent upon the direct involvement of the Company and have been implemented through rules adopted by federal departments and agencies. The federal regulatory authorities continue to issue guidance with respect to the implementation and eligibility requirements for the various CARES Act programs. Congress may enact additional or amend already issued COVID-19 legislation. The Company continues to assess the impact of these regulations and supervisory guidance related to the pandemic.

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 $573.5 million and $445.6 million of its residential and commercial mortgage portfolios at June 30, 2023 and June 30, 2022, respectively.

Credit Quality Indicators

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

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

The Company primarily has four segments within its loan portfolio that it considers when measuring credit quality: residential real estate loans, commercial real estate loans, consumer loans and commercial loans. The residential real estate portfolio consists of residential, construction, and multi-family loan classes. Commercial real estate loans consist of commercial real estate and commercial construction loan classes. Consumer loans consist of home equity loan and consumer installment loan classes. The inherent risk within the loan portfolio varies depending upon each of these loan types.

Residential mortgage loans, including home equity loans, which are collateralized by residences are generally made in amounts up to 85.0% of the appraised value of the property. In the event of default by the borrower the Company will acquire and liquidate the underlying collateral. By originating the loan at a loan-to-value ratio of 85.0% or less, the Company limits its risk of loss in the event of default. However, the market values of the collateral may be adversely impacted by declines in the economy. Home equity loans may have an additional inherent risk if the Company does not hold the first mortgage. 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.

Construction lending generally involves a greater degree of risk than other residential mortgage lending. The repayment of the construction loan is, to a great degree, dependent upon the successful and timely completion of the construction of the subject property within specified cost limits. The 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.

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

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 involve greater credit risk than residential mortgage loans because of the difference in the nature of the underlying collateral. Repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance because of the greater likelihood of damage, loss or depreciation in the underlying collateral. The remaining deficiency often does not warrant further substantial collection efforts against the borrower beyond obtaining a deficiency judgment. In addition, consumer loan collections depend on the borrower's personal financial stability. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Commercial lending generally involves greater risk than residential mortgage lending and involves risks that are different from those associated with residential and commercial real estate mortgage lending. Real estate lending is generally considered to be collateral-based, with loan amounts based on fixed loan-to-collateral values, and liquidation of the underlying real estate collateral is viewed as the primary source of repayment in the event of borrower default. Although commercial loans may be collateralized by equipment or other business assets, the liquidation of collateral in the event of a borrower default is often an insufficient source of repayment because equipment and other business assets may be obsolete or of limited use, among other things. Accordingly, the repayment of a commercial loan depends primarily on the creditworthiness of the borrower (and any guarantors), while liquidation of collateral is a secondary and often insufficient source of repayment. The Company has formed relationships with other community banks within our region to participate in larger commercial loan relationships. These types of loans are generally considered to be riskier due to the size and complexity of the loan relationship. By entering into a participation agreement with the other bank, the Company can obtain the loan relationship while limiting its exposure to credit loss. Management completes its due diligence in underwriting these loans and monitors the servicing of these loans.

Loan balances by internal credit quality indicator as of June 30, 2023 are shown below.

(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

Loan balances by internal credit quality indicator as of June 30, 2022 are shown below.

(In thousands)	Performing	Special Mention	Substandard	Total
Residential real estate	$ 355,474	$ 28	5,322	360,824
Residential construction and land	15,297	-	1	15,298
Multi-family	63,730	92	-	63,822
Commercial real estate	555,451	13,777	26,407	595,635
Commercial construction	83,748	-	-	83,748
Home equity	17,369	-	508	17,877
Consumer installment	4,500	-	12	4,512
Commercial loans	104,364	996	4,911	110,271
Total gross loans	$ 1,199,933	$ 14,893	$ 37,161	$ 1,251,987

The Company had no loans classified doubtful or loss at June 30, 2023 or June 30, 2022. 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 7 commercial real estate loan relationships, 2 commercial loan relationship and 3 residential loans that have been downgraded to substandard, and there were 9 commercial real estate loan relationships, 3 commercial loan relationship and 2 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.

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	$ -
For the year ended June 30, 2022				
Consumer Installment	1	$ 5	$ 5	$ 5

During the year ended June 30, 2022, the Company further downgraded certain construction, commercial real estate and commercial 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 9 commercial real estate loan relationships and 1 commercial loan relationship that have been downgraded to substandard, and there were 3 commercial real estate loan relationships and 1 commercial loan relationship that have been downgraded to special mention during the year ended June 30, 2022. At June 30, 2022, these loans were all performing.

There were no loans that had been modified as a troubled debt restructuring during the twelve months prior to June 30, 2022 or 2021, which have subsequently defaulted during the twelve months ended June 30, 2023 or 2022. 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.

Nonaccrual Loans

Management places loans on nonaccrual status once the loans have become 90 days or more delinquent. A nonaccrual loan is defined as a loan in which collectability is questionable and therefore interest on the loan will no longer be recognized on an accrual basis. A loan is not placed back on accrual status until the borrower has demonstrated the ability and willingness to make timely payments on the loan. A loan does not have to be 90 days delinquent in order to be classified as nonaccrual. Loans on nonaccrual 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 nonaccrual 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. Loans on nonaccrual status totaled $6.3 million at June 30, 2022 of which $528,000 were in the process of foreclosure. At June 30, 2022, there were three residential loans totaling $426,000 and one commercial real estate loan for $102,000 in the process of foreclosure. Included in nonaccrual loans were $4.4 million of loans which were less than 90 days past due at June 30, 2022, but have a recent history of delinquency greater than 90 days past due. These loans will be returned to accrual status once they have demonstrated a history of timely payments.

The following table sets forth information regarding delinquent and/or nonaccrual loans as of 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 following table sets forth information regarding delinquent and/or nonaccrual loans as of June 30, 2022:

(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	$ 66	$ 1,676	$ 592	$ 2,334	$ 358,490	$ 360,824	$ 2,948
Residential construction and land	-	1	-	1	15,297	15,298	1
Multi-family	-	-	-	-	63,822	63,822	-
Commercial real estate	-	385	1,147	1,532	594,103	595,635	1,269
Commercial construction	-	-	-	-	83,748	83,748	-
Home equity	3	-	179	182	17,695	17,877	188
Consumer installment	22	17	-	39	4,473	4,512	7
Commercial loans	-	28	19	47	110,224	110,271	1,904
Total gross loans	$ 91	$ 2,107	$ 1,937	$ 4,135	$ 1,247,852	$ 1,251,987	$ 6,317

The Company had no accruing loans delinquent 90 days or more at June 30, 2023 and June 30, 2022. 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.

<u>*Impaired Loan Analysis*</u>

The Company identifies impaired loans and measures the impairment in accordance with FASB ASC subtopic "*Receivables – Loan Impairment.*" Management may consider a loan impaired once it is classified as nonaccrual and when it is probable that the borrower will be unable to repay the loan according to the original contractual terms of the loan agreement or the loan is restructured in a troubled debt restructuring. It should be noted that management does not evaluate all loans individually for impairment. Generally, the Company considers residential mortgages, home equity loans and installment loans as small, homogeneous loans, which are evaluated for impairment collectively based on historical loan experience and other factors. In contrast, large commercial mortgage, construction, multi-family, business loans and select larger balance residential mortgage loans or nonaccrual loans that are over $250,000 and all trouble debt restructured loans are reviewed individually and considered impaired if it is probable that the Company will not be able to collect scheduled payments of principal and interest when due, according to the contractual terms of the loan agreement. The measurement of impaired loans is generally based on the fair value of the underlying collateral. The majority of the Company's loans, including most nonaccrual loans, are small homogeneous loan types adequately supported by collateral. Management considers the payment status of loans in the process of evaluating the adequacy of the allowance for loan losses among other factors. Based on this evaluation, a delinquent loan's risk rating may be downgraded to either pass-watch, special mention, or substandard, and the allocation of the allowance for loan loss is based upon the risk associated with such designation.

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

(In thousands)	As of June 30, 2023 Recorded Investment	Unpaid Principal	Related Allowance	For the year ended June 30, 2023 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

(In thousands)	As of June 30, 2022 Recorded Investment	Unpaid Principal	Related Allowance	For the year ended June 30, 2022 Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate	$ 990	$ 990	$ -	$ 669	$ 17
Commercial real estate	67	67	-	281	9
Home equity	128	128	-	128	-
Consumer installment	5	5	-	2	1
Commercial loans	346	346	-	158	6
Impaired loans with no allowance	1,536	1,536	-	1,238	33
With an allowance recorded:					
Residential real estate	1,953	1,953	588	1,713	53
Commercial real estate	3,698	3,698	1,118	1,740	120
Commercial construction	102	102	1	102	-
Home equity	320	320	44	320	14
Commercial Loans	3,162	3,162	596	3,360	138
Impaired loans with allowance	9,235	9,235	2,347	7,235	325
Total impaired:					
Residential real estate	2,943	2,943	588	2,382	70
Commercial real estate	3,765	3,765	1,118	2,021	129
Commercial construction	102	102	1	102	-
Home equity	448	448	44	448	14
Consumer installment	5	5	-	2	1
Commercial loans	3,508	3,508	596	3,518	144
Total impaired loans	$ 10,771	$ 10,771	$ 2,347	$ 8,473	$ 358

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the risk inherent in the loan portfolio, the composition of the loan portfolio, specific impaired loans and current economic conditions. Such evaluation, which includes a review of certain identified loans on which full collectability may not be reasonably assured, considers among other matters, the estimated net realizable value or the fair value of the underlying collateral, economic conditions, payment status of the loan, historical loan loss experience and other factors that warrant recognition in providing for the loan loss allowance. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan 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 disaggregates its loan portfolio as noted in the below allowance for loan losses tables to evaluate for impairment collectively based on historical loss experience. The Company evaluates nonaccrual loans that are over $250,000 and all trouble debt restructured loans individually for impairment, if it is probable that the Company will not be able to collect scheduled payments of principal and interest when due, according to the contractual terms of the loan agreements. Loans that are guaranteed, such as SBA loans, are excluded from the homogeneous pool of loans and no allowance is allocated to this segment of the portfolio. The measurement of impaired loans is generally based on the fair value of the underlying collateral. 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 loan losses, 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. With continued growth in the number of deposit accounts, charge-off activity within this category has also grown, as can be seen from the tables below. For loans secured by real estate, a charge-off is recorded when it is determined that the collection of all or a portion of a loan may not be collected and the amount of that loss can be reasonably estimated. The allowance for loan losses is increased by a provision for loan losses (which results in a charge to expense) and recoveries of loans previously charged off and is reduced by charge-offs.

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

	Activity for the year ended June 30, 2022				
(In thousands)	Balance June 30, 2021	Charge-offs	Recoveries	Provision	Balance June 30, 2022
Residential real estate	$ 2,012	$ 27	$ 13	$ 375	$ 2,373
Residential construction and land	106	-	-	35	141
Multi-family	186	-	-	(67)	119
Commercial real estate	13,049	-	-	3,172	16,221
Commercial construction	1,535	-	-	(421)	1,114
Home equity	165	-	-	(76)	89
Consumer installment	267	454	115	421	349
Commercial loans	2,348	112	280	(161)	2,355
Total	$ 19,668	$ 593	$ 408	$ 3,278	$ 22,761

(In thousands)	Allowance for Loan Losses — Ending Balance June 30, 2023 Impairment Analysis — Individually Evaluated	Collectively Evaluated	Loans Receivable — Ending Balance June 30, 2023 Impairment Analysis — 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

(In thousands)	Allowance for Loan Losses — Ending Balance June 30, 2022 Impairment Analysis — Individually Evaluated	Collectively Evaluated	Loans Receivable — Ending Balance June 30, 2022 Impairment Analysis — Individually Evaluated	Collectively Evaluated
Residential real estate	$ 588	$ 1,785	$ 2,943	$ 357,881
Residential construction and land	-	141	-	15,298
Multi-family	-	119	-	63,822
Commercial real estate	1,118	15,103	3,765	591,870
Commercial construction	1	1,113	102	83,646
Home equity	44	45	448	17,429
Consumer installment	-	349	5	4,507
Commercial loans	596	1,759	3,508	106,763
Total	$ 2,347	$ 20,414	$ 10,771	$ 1,241,216

Foreclosed real estate (FRE)

FRE 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, 2023 and 2022:

(In thousands)	2023	2022
Residential real estate	$ -	$ 68
Commercial loans	302	-
Total foreclosed real estate	$ 302	$ 68

Note 5. Premises and Equipment

A summary of premises and equipment at June 30, 2023 and 2022, is as follows:

(In thousands)	2023	2022
Land	$ 2,916	$ 2,916
Building and improvements	20,126	18,863
Furniture and equipment	5,814	5,540
Less: accumulated depreciation	(13,828)	(12,957)
Total premises and equipment	$ 15,028	$ 14,362

Note 6. Deposits

Major classifications of deposits at June 30, 2023 and 2022 are summarized as follows:

(In thousands)	2023	2022
Noninterest-bearing deposits	$ 159,039	$ 187,697
Certificates of deposit	128,077	40,801
Savings deposits	299,038	343,731
Money market deposits	115,029	157,623
NOW deposits	1,735,978	1,482,752
Total deposits	$ 2,437,161	$ 2,212,604

Advance payments by borrowers for taxes and insurance totaled $10.1 million at June 30, 2023 and 2022, respectively, which are included in savings deposits.

The Bank and Commercial Bank participates in the IntraFi Network, LLC ("IntraFi") 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 institution customers. The Bank and Commercial Bank can place a one-way buy through the IntraFi Network for both the CDARS and ICS programs to obtain brokered deposits, along with the national brokerage networks. Historically, the Company has not used brokers to obtain deposits, but will use them to help manage the seasonality within the municipal deposit base in the most cost efficient manner. As a result of this seasonality, the Company had $60.0 million in brokered deposits included within certificates of deposits as of June 30, 2023.

The Bank held deposits of $66.4 million for related-parties at June 30, 2023, which primarily consisted of directors and their affiliates. Relate-party deposits were not material at June 30, 2022.

The following indicates the amount of certificates of deposit by time remaining to maturity as of June 30, 2023.

(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	$ 79,047	$ 13,859	$ 6,645	$ 8,282	$ 107,833
Certificates of deposit $250,000 or more	14,056	2,387	-	3,801	20,244
Total certificates of deposit	$ 93,103	$ 16,246	$ 6,645	$ 12,083	$ 128,077

Certificates of deposit less than $250,000 due within 3 months or less, includes $60.0 million in brokered deposits at June 30, 2023.

Scheduled maturities of certificates of deposit at June 30, 2023 were as follows:

(In thousands)	
The year ended June 30,	
2024	$ 115,994
2025	3,004
2026	1,133
2027	427
2028	7,519
	$ 128,077

Note 7. Borrowings

At June 30, 2023, the Bank had pledged approximately $573.5 million of its residential and commercial mortgage portfolios as collateral for borrowings and stand-by letters of credit at the Federal Home Loan Bank of New York ("FHLB"). The maximum amount of funding available from the FHLB was $382.4 million at June 30, 2023, of which there was zero short-term overnight borrowings and $110 million in stand-by letters of credit outstanding at June 30, 2023. Interest rates on short-term borrowings are determined at the time of borrowing. There were no long-term fixed rate, fixed term advances at June 30, 2023. At June 30, 2022, the Bank had pledged approximately $445.6 million of its residential and commercial mortgage portfolios as collateral for borrowings and stand-by letters of credit at the FHLB. The maximum amount of funding available from the FHLB was $318.5 million at June 30, 2022, of which $123.7 million in short-term overnight borrowings and zero stand-by letters of credit outstanding at June 30, 2022. Interest rates on short-term borrowings are determined at the time of borrowing. There were no long-term fixed rate, fixed term advances at June 30, 2022.

The Bank has established an Irrevocable Letter of Credit Reimbursement Agreement with the FHLB, whereby upon the Bank's request, on behalf of the Commercial Bank, an irrevocable stand-by letter of credit is issued to secure municipal transactional deposit accounts. At June 30, 2023 and 2022, there was $110 million and zero, respectively, in stand-by letters of credit with the FHLB, which have been issued to secure municipal transactional deposit accounts, on behalf of Greene County Commercial Bank.

The Bank also pledges securities as collateral at the Federal Reserve Bank discount window for overnight borrowings. At June 30, 2023 and 2022 there were no balances outstanding with the Federal Reserve Bank discount window.

On March 12, 2023, in response to liquidity concerns in the banking system, the Federal Deposit Insurance Corporation, Federal Reserve and U.S. Department of Treasury, collaboratively approved certain actions with a stated intention to reduce stress across the financial system, support financial stability and minimize any impact on business, households, taxpayers, and the broader economy. Among other actions, the Federal Reserve Board has created a new Bank Term Funding Program (BTFP) to make additional funding available to eligible depository institutions to help assure institutions can meet the needs of their depositors. Eligible institutions may obtain liquidity against a wide range of collateral, at par value. BTFP advances can be requested through at least March 11, 2024. The Bank established a borrowing facility through the BTFP during the quarter ended June 30, 2023. The Company has not requested funding through the BTFP as of June 30 2023.

The Bank has established unsecured lines of credit with Atlantic Central Bankers Bank for $15.0 million and two other financial institutions for $50.0 million. The Company has also established an unsecured line of credit with Atlantic Central Bankers Bank for $7.5 million. The lines of credit provide for overnight borrowing and the interest rate is determined at the time of the borrowing. There were no borrowings outstanding with Atlantic Central Bankers Bank or the two other financial institutions at June 30, 2023 and June 30, 2022.

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, 2023, there were $19.8 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, 2023, there were $29.7 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, 2023 and 2022, there are no 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, 2023 and 2022, are presented in the following table:

	Unrealized gain (losses) on securities available-for-sale	Pension benefits	Total
Balance - June 30, 2021	$ 348	$ (1,509)	$ (1,161)
Other comprehensive (loss) income before reclassification, net of tax	(17,616)	212	(17,404)
Amortization of pension actuarial losses recognized in other expense	-	248	248
Tax expense effect recognized in provision for income taxes	-	66	66
Net of tax	-	182	182
Other comprehensive (loss) income for the year ended June 30, 2022	(17,616)	394	(17,222)
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)

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, 2023 and 2022 is as follows:

(In thousands)		
Change in projected benefit obligation:	2023	2022
Benefit obligation at beginning of period	$ 4,617	$ 6,278
Interest cost	199	166
Actuarial loss	(225)	(1,235)
Benefits paid	(240)	(592)
Benefit obligation at June 30	4,351	4,617
Change in fair value of plan assets:		
Fair value of plan assets at beginning of period	4,502	5,759
Actual return (loss) on plan assets	212	(665)
Employer contributions	-	-
Benefits paid	(240)	(592)
Fair value of plan assets at June 30	4,474	4,502
(Overfunded) Underfunded status at June 30 included in other liabilities	$ (123)	$ 115

The Company does not anticipate that it will make any contributions during the year ended June 30, 2024.

The components of net periodic pension costs related to the Pension Plan for the years ended June 30, 2023 and 2022 were as follows:

(In thousands)	2023	2022
Interest cost	$ 199	$ 166
Expected return on plan assets	(219)	(281)
Amortization of net loss	106	130
Effect of settlement	-	118
Net periodic pension expense	$ 86	$ 133

The accumulated benefit obligation for the pension plan was $4.4 million and $4.6 million at June 30, 2023 and 2022, respectively.

Changes in plan assets and benefit obligations recognized in other comprehensive income during the years ended June 30, 2023 and 2022 consisted of the following:

(In thousands)	2023	2022
Actuarial loss on plan assets and benefit obligations	$ 324	$ 538
Deferred tax expense	86	144
Net change in plan assets and benefit obligations recognized in other comprehensive income	$ 238	$ 394

Amounts recognized in our consolidated statements of financial condition related to our pension plan for the years ended June 30, 2023 and 2022 are as follows:

(In thousands)		
Other liabilities:	2023	2022
Projected benefit obligation in (surplus) excess of fair value of pension plan	$ (123)	$ 115
Accumulated other comprehensive loss, net of taxes:		
Net losses and past service liability	$ (877)	$ (1,115)

The principal actuarial assumptions used were as follows:

	2023	2022
Projected benefit obligation:		
Discount rate	4.90 %	4.43 %
Net periodic pension expense:		
Amortization period, in years	11	11
Discount rate	4.43 %	2.71 %
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, 2023 and 2022 was as follows:

(Dollars in thousands)	2023 Fair Value		2022 Fair Value	
Mutual funds – balanced	$ -	- %	$ 850	18.9 %
Mutual funds – fixed income	2,600	58.1	2,366	52.6
Mutual funds – equity	1,874	41.9	1,286	28.5
Total plan assets	$ 4,474	100 %	$ 4,502	100 %

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, 2023 are as follows:

(In thousands)	
2024	$ 247
2025	248
2026	245
2027	243
2028	240
2029-2033	1,326

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 $483,000 and $413,000 in the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the Board of Directors authorized the payment of $170,000 and $160,000, respectively, to the ESOP trustee for the purposes of purchasing additional shares of stock to be allocated to employees as of December 2023 and 2022, respectively. ESOP expense was $164,000 and $150,000 for the years ended June 30, 2023 and 2022, respectively. There were no unearned shares at June 30, 2023 or 2022.

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, 2023 and 2022 were $1.8 million and $1.2 million, respectively, consisting primarily of service and interest costs. The total liability for the SERP was $12.3 million and $9.9 million as of June 30, 2023 and June 30, 2022, 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, 2023 and 2022, the Plan had 16,000,000 and 11,600,000 options authorized, of which, 12,354,004 and 11,546,804 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). All share and per share data has been retroactively adjusted in all periods presented to reflect the 2-for-1 stock split, which was effected on March 23, 2023, as if the new share options had been granted at the same time as the original share options.

A summary of the Company's phantom stock option activity and related information for its option plan for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Number of options outstanding at beginning of year	2,959,040	3,015,200
Options granted	807,200	950,240
Options forfeited	(9,000)	-
Options paid in cash upon vesting	(1,221,400)	(1,006,400)
Number of options outstanding at period end	2,535,840	2,959,040

(In thousands)	2023	2022
Cash paid out on options vested	$ 4,287	$ 3,137
Compensation expense recognized	4,439	4,291

The total liability for the long-term incentive plan was $6.3 million and $6.1 million at June 30, 2023 and 2022, 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, 2023 and 2022.

On March 23, 2023, the Company effected a 2-for-1 stock split in the form of a stock dividend on its outstanding shares of common stock. Weighted-average number of shares and earnings per share have been retroactively adjusted in all periods presented as if the new shares had been issued and outstanding at the same time as the original shares.

	2023	2022
Net Income	$30,785,000	$27,986,000
Weighted Average Shares – Basic	17,026,828	17,026,828
Effect of Dilutive Stock Options	-	-
Weighted Average Shares – Dilute	17,026,828	17,026,828
Earnings per share – Basic	$1.81	$1.64
Earnings per share – Diluted	$1.81	$1.64

Note 12. Income Taxes

The provision for income taxes consists of the following for the years ended June 30, 2023 and 2022:

(In thousands)	2023	2022
Current expense:		
Federal	$ 4,284	$ 4,741
State	907	860
Total current expense	5,191	5,601
Deferred benefit	(149)	(682)
Total provision for income taxes	$ 5,042	$ 4,919

The effective tax rate differs from the federal statutory rate as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Tax based on federal statutory rate	21.00 %	21.00 %
State income taxes, net of federal benefit	1.81	1.64
Tax-exempt income	(8.26)	(6.31)
Captive insurance premium income	(1.09)	(0.96)
Other, net	0.61	(0.42)
Total income tax expense	14.07 %	14.95 %

The components of the deferred tax assets and liabilities at June 30, 2023 and 2022 were as follows:

(In thousands)	2023	2022
Deferred tax assets:		
Allowance for loan losses	$ 5,669	$ 6,083
Pension benefits	-	30
Unrealized losses on securities	7,424	6,243
Other benefit plans	4,968	4,275
Other	105	90
Total deferred tax assets	18,166	16,721
Deferred tax liabilities:		
Depreciation	1,148	1,088
Net loan costs	1,225	1,170
Real estate investment trust income	3,126	2,839
Pension benefits	33	-
Other	-	244
Total deferred tax liabilities	5,532	5,341
Net deferred tax asset included in prepaid expenses and other assets	$ 12,634	$ 11,380

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, 2023 and 2022, 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, 2023, 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, 2023, tax years ended June 30, 2020 through June 30, 2022, 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 there are various commitments and contingent liabilities outstanding pertaining to the granting of loans and the lines of credit, 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, 2023 and 2022:

(In thousands)	2023	2022
Unfunded loan commitments	$ 124,498	$ 213,420
Unused lines of credit	94,898	85,971
Standby letters of credit	179	189
Total commitments	$ 219,575	$ 299,580

Commitments to extend credit in the form of loan commitments and lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash 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.

The Company and its subsidiaries are, from time to time, parties to various legal proceedings arising out of their businesses. Except as noted below, management believes there are no such legal proceedings pending or threatened against the Company or its subsidiaries, if determined adversely, would have a material adverse effect on the business, consolidated financial condition, results of operations or cash flows of the Company or any of its subsidiaries.

On April 26, 2022, Andrew Broockmann, a customer of The Bank of Greene County (the "Bank"), filed a putative class action complaint against the Bank in the United States District Court for the Northern District of New York. The complaint alleges that the Bank improperly assessed overdraft fees on debit-card transactions that were authorized on a positive account balance but settled on a negative balance. Mr. Broockmann, on behalf of the putative class, seeks compensatory damages, punitive damages, enjoinment of the conduct complained of, and costs and fees. The complaint is similar to complaints filed against other financial institutions pertaining to overdraft fees. The Bank denies that it improperly assessed overdraft fees or breached any agreement with Mr. Broockmann or with members of the putative class. On February 28, 2023, the parties entered into a settlement agreement which contemplates, among other things, that the Bank will (a) pay a cash payment of $1.15 million, (b) forgive, waive, and not collect an additional $64,500 in uncollected overdraft fees, and (c) cease collecting certain types of overdraft fees. On May 26, 2023, the Court preliminarily approved the class action settlement and set a final approval hearing for October 11, 2023. The Company established a settlement fund of $1.15 million during the quarter ended June 30, 2023, which had been accrued for in the quarter ended December 31, 2022.

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 where 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. The Company had no participations-out at June 30, 2023 or 2022. 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. There was no credit exposure associated with risk participations-ins as of June 30, 2023 and June 30, 2022. The current amount of credit exposure is spread out over four counterparties, and terms range between 4 to 14 years.

Note 14. Operating Leases

The Company leases certain branch properties under long-term, operating lease agreements. The Company's operating lease agreements contain 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, 2023 and 2022:

(In thousands, except weighted-average information).		
Operating lease amounts:	2023	2022
Right-of-use assets	$ 2,188	$ 1,980
Lease liabilities	$ 2,277	$ 2,040
Other information:		
Operating outgoing cash flows from operating leases	$ 373	$ 352
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 561	$ 415

(In thousands)		
Lease costs	2023	2022
Operating lease cost	$ 359	$ 322
Variable lease cost	$ 43	$ 44

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, 2023:

(In thousands)	
Within the twelve months ended June 30,	
2024	$ 455
2025	459
2026	436
2027	387
2028	330
Thereafter	401
Total undiscounted cash flow	2,468
Less net present value adjustment	(191)
Lease liability	$ 2,277

	2023	2022
Weighted-average remaining lease term (years)	5.84	4.88
Weighted-average discount rate	2.69%	2.13%

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 15. Concentrations of Credit Risk

The Company grants residential, consumer and commercial loans to customers primarily located in the mid-Hudson valley region of New York, 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 16. 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, 2023 and 2022 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, 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. Government sponsored enterprises	$ 10,823	$ -	$ 10,823	$ -
U.S. Treasury securities	16,500	-	16,500	-
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	$ -

(In thousands)	June 30, 2022	Fair Value Measurements Using Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government sponsored enterprises	$ 11,319	$ -	$ 11,319	$ -
U.S. Treasury securities	18,427	-	18,427	-
State and political subdivisions	248,076	-	248,076	-
Mortgage-backed securities-residential	29,897	-	29,897	-
Mortgage-backed securities-multi-family	83,709	-	83,709	-
Corporate debt securities	16,634	-	16,634	-
Securities available-for-sale	408,062	-	408,062	-
Equity securities	273	273	-	-
Total securities measured at fair value	$ 408,335	$ 273	$ 408,062	$ -

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 impaired assets, in the period in which a re-measurement at fair value is performed. Loans are generally not recorded at fair value on a recurring basis. Periodically, the Company records nonrecurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Nonrecurring adjustments also include certain impairment amounts for collateral-dependent loans calculated as required by the "*Receivables –Loan Impairment*" subtopic of the FASB ASC when establishing the allowance for credit losses. Impaired loans are those loans in which the Company has measured impairment based on the fair value of the loan's collateral or the discounted value of expected future cash flows. Fair value is generally determined based upon market value evaluations by third parties of the properties and/or estimates by management of working capital collateral or discounted cash flows based upon expected proceeds. These appraisals may include up to three approaches to value: the sales comparison approach, the income approach (for income-producing property), and the cost approach. Management modifies the appraised values, if needed, to take into account recent developments in the market or other factors, such as, changes in absorption rates or market conditions from the time of valuation and anticipated sales values considering management's plans for disposition. Such modifications to the appraised values could result in lower valuations of such collateral. Estimated costs to sell are based on current amounts of disposal costs for similar assets. These measurements are classified as Level 3 within the valuation hierarchy. Impaired loans are subject to nonrecurring fair value adjustment upon initial recognition or subsequent impairment. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance.

Fair values for foreclosed real estate are initially recorded based on market value evaluations by third parties, less costs to sell ("initial cost basis"). Any write-downs required when the related loan receivable is exchanged for the underlying real estate collateral at the time of transfer to foreclosed real estate are charged to the allowance for loan losses. Values are derived from appraisals, similar to impaired loans, of underlying collateral or discounted cash flow analysis. Subsequent to foreclosure, valuations are updated periodically and assets are marked to current fair value, not to exceed the initial cost basis. In the determination of fair value subsequent to foreclosure, management also considers other factors or recent developments, such as, changes in absorption rates and market conditions from the time of valuation and anticipated sales values considering management's plans for disposition. Either change could result in adjustment to lower the property value estimates indicated in the appraisals. These measurements are classified as Level 3 within the fair value hierarchy.

(In thousands)	Recorded Investment	Related Allowance	Fair Value	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
June 30, 2023						
Impaired loans	$ 7,578	$ 2,013	$ 5,565	$ -	$ -	$ 5,565
Foreclosed real estate	302	-	302	-	-	302
June 30, 2022						
Impaired loans	$ 9,401	$ 2,347	$ 7,054	$ -	$ -	$ 7,054
Foreclosed real estate	68	-	68	-	-	68

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

(Dollars in thousands)	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
June 30, 2023					
Impaired Loans	$ 4,887	Appraisal of collateral(1)	Appraisal adjustments(2)	20.53%-33.73%	23.46%
			Liquidation expenses(3)	3.98%-4.77%	4.45%
	678	Discounted cash flow	Discount rate	5.24%-7.49%	5.98%
Foreclosed real estate	302	Appraisal of collateral(1)	Appraisal adjustments(2)	0.00%	0.00%
			Liquidation expenses(3)	6.38%	6.38%
June 30, 2022					
Impaired Loans	$ 4,333	Appraisal of collateral(1)	Appraisal adjustments(2)	7.06%-33.73%	21.67%
			Liquidation expenses(3)	3.98%-5.58%	4.72%
	2,721	Discounted cash flow	Discount rate	4.19%-11.95%	6.21%
Foreclosed real estate	68	Appraisal of collateral(1)	Appraisal adjustments(2)	10.46%	10.46%

(1) Fair value is generally determined through independent third-party appraisals of the underlying collateral, which generally includes various Level 3 inputs which are not observable.
(2) Appraisals may be adjusted downwards by management for qualitative factors such as economic conditions. Higher downward adjustments are caused by negative changes to the collateral or conditions in the real estate market, actual offers or sales contracts received or age of the appraisal.
(3) Appraisals may be adjusted downwards by management for items such as the estimated costs to liquidate the collateral.

No other financial assets or liabilities were re-measured during the year on a nonrecurring basis.

The carrying amounts reported in the statements of financial condition for cash and cash equivalents, long term certificate of deposits, 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 value for fixed rate loans are estimated using discounted cash flows and interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values disclosed for demand and savings deposits are equal to carrying amounts at the reporting date. The carrying amounts for variable rate money market deposits approximate fair values at the reporting date. Fair values for 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.

The fair value of commitments to extend credit is estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the credit-worthiness of the potential borrowers. At June 30, 2023 and 2022, the estimated fair values of these off-balance sheet financial instruments were immaterial, and are therefore excluded from the table below.

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

(In thousands)	June 30, 2023		Fair Value Measurements Using		
	Carrying Amount	Fair Value	(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	-

(In thousands)	June 30, 2022		Fair Value Measurements Using		
	Carrying Amount	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 69,009	$ 69,009	$ 69,009	$ -	$ -
Long term certificate of deposit	4,107	3,993	-	3,993	-
Securities available-for-sale	408,062	408,062	-	408,062	-
Securities held-to-maturity	761,852	710,453	-	710,453	-
Equity securities	273	273	273	-	-
Federal Home Loan Bank stock	6,803	6,803	-	6,803	-
Net loans receivable	1,229,355	1,170,960	-	-	1,170,960
Accrued interest receivable	8,917	8,917	-	8,917	-
Deposits	2,212,604	2,212,743	-	2,212,743	-
Borrowings	123,700	123,793	-	123,793	-
Subordinated notes payable, net	49,310	49,168	-	49,168	-
Accrued interest payable	603	603	-	603	-

Note 17. 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, 2023, 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, 2023, 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, 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
As of June 30, 2022:								
Total risk-based capital	$ 221,236	16.0%	$ 110,294	8.0%	$ 137,867	10.0%	8.05%	2.50%
Tier 1 risk-based capital	203,935	14.8	82,720	6.0	110,294	8.0	8.79	2.50
Common equity tier 1 capital	203,935	14.8	62,040	4.5	89,614	6.5	10.29	2.50
Tier 1 leverage ratio	203,935	8.1	100,193	4.0	125,242	5.0	4.14	2.50
Greene County Commercial Bank								
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
As of June 30, 2022:								
Total risk-based capital	$ 94,408	41.5%	$ 18,195	8.0%	$ 22,744	10.0%	33.51%	2.50%
Tier 1 risk-based capital	94,408	41.5	13,646	6.0	18,195	8.0	35.51	2.50
Common equity tier 1 capital	94,408	41.5	10,235	4.5	14,783	6.5	37.01	2.50
Tier 1 leverage ratio	94,408	8.1	46,874	4.0	58,593	5.0	4.06	2.50

Note 18. 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, 2023 and 2022
(In thousands)

ASSETS	2023	2022
Cash and cash equivalents	$ 19,822	$ 18,891
Investment in subsidiaries	208,861	188,638
Long-term certificates of deposit	3,826	-
Securities available-for-sale, at fair value	761	-
Accrued interest receivable	26	-
Prepaid expenses and other assets	93	90
Total assets	$ 233,389	$ 207,619
LIABILITIES AND SHAREHOLDERS' EQUITY		
Subordinated notes payable, net	$ 49,495	$ 49,310
Accrued expenses and other liabilities	611	595
Total liabilities	50,106	49,905
Total shareholders' equity	183,283	157,714
Total liabilities and shareholders' equity	$ 233,389	$ 207,619

Greene County Bancorp, Inc.
Condensed Statements of Income
For the Years Ended June 30, 2023 and 2022
(In thousands)

	2023	2022
INCOME:		
Equity in undistributed net income of subsidiaries	$ 26,829	$ 28,155
Dividend distributed by subsidiary	6,400	2,004
Interest-earning deposits	6	1
Other income	2	11
Total Income	33,237	30,171
OPERATING EXPENSES:		
Legal fees	101	65
Interest on borrowings	1,850	1,688
Other expense	501	432
Total operating expenses	2,452	2,185
Net income	$ 30,785	$ 27,986

Greene County Bancorp, Inc.
Condensed Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022
(In thousands)

Cash flow from operating activities:	2023	2022
Net Income	$ 30,785	$ 27,986
Adjustments to reconcile net income to cash provided by operating activities:		
Undistributed earnings of subsidiaries	(26,829)	(28,155)
Amortization of subordinated debt issuance costs	185	165
Net (increase) decrease in prepaid expenses and other assets	(29)	18
Net decrease in dividend receivable	-	1,500
Net increase in total liabilities	16	231
Net cash provided by operating activities	4,128	1,745
Cash flows from Investing Activities:		
Investment in subsidiary	-	(7,000)
Net cash transferred related to Greene Risk Management Inc. liquidation	(1,006)	-
Net cash used by investing activities	(1,006)	(7,000)
Cash flows from financing activities:		
Net decrease in short-term advances – other banks	-	(3,000)
Net proceeds from subordinated notes payable	-	29,501
Payment of cash dividends	(2,191)	(2,634)
Net cash (used by) provided by financing activities	(2,191)	23,867
Net increase (decrease) in cash and cash equivalents	931	18,612
Cash and cash equivalents at beginning of year	18,891	279
Cash and cash equivalents at end of year	$ 19,822	$ 18,891

Note 19. Subsequent events

On July 19, 2023, Greene County Bancorp, Inc. announced that its Board of Directors had approved a quarterly cash dividend of $0.08 per share on the Company's common stock. The dividend reflects an annual cash dividend rate of $0.32 per share which represents a 14.3% increase from the previous annual cash dividend rate of $0.28 per share. The dividend was payable to stockholders of record as of August 14, 2023, and was paid on August 31, 2023. Greene County Bancorp, MHC does not intend to waive its receipt of this dividend.

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

The “Proposal II - Ratification of Appointment of Auditors” section of Greene County Bancorp, Inc.’s 2023 Proxy Statement is incorporated herein by reference.

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, 2023 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

The “Proposal I - Election of Directors” section of Greene County Bancorp, Inc.’s definitive Proxy Statement for Greene County Bancorp, Inc.’s 2023 Annual Meeting of Shareholders (the “2023 Proxy Statement”) is incorporated herein by reference.

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

The “Proposal I - Election of Directors” section of Greene County Bancorp, Inc.’s 2023 Proxy Statement is incorporated herein by reference.

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

The “Proposal I - Election of Directors” section of Greene County Bancorp, Inc.’s 2023 Proxy Statement is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

The “Transactions with Certain Related Persons” section of Greene County Bancorp, Inc.’s 2023 Proxy Statement is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services

The “Proposal II - Ratification of Appointment of Auditors” section of Greene County Bancorp, Inc.’s 2023 Proxy Statement is incorporated herein by reference.

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, 2023 and 2022
Consolidated Statements of Income for the years ended June 30, 2023 and 2022
Consolidated Statements of Comprehensive Income for the years ended June 30, 2023 and 2022
Consolidated Statements of Cash Flows for the years ended June 30, 2023 and 2022
Consolidated Statements of Changes in Shareholders' Equity for the years ended June 30, 2023 and 2022
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, 2021)

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, 2021)

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, 2020)

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 2, 2008.

10.3 Supplemental Executive Retirement Plan, effective July 1, 2010, 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, 2023, 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 8, 2023

By: */s/ Donald E. Gibson*
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/ Michelle M. Plummer*
Michelle M. Plummer, CPA, CGMA
Senior Executive Vice President,
Chief Operating Officer and Chief Financial Officer
Date: September 8, 2023

By: /s/ *Jay P. Cahalan*
Jay P. Cahalan
Chairman of the Board
Date: September 8, 2023

By: */s/ David H. Jenkins*
David H. Jenkins, DVM
Director
Date: September 8, 2023

By: */s/ Peter W. Hogan, CPA*
Peter W. Hogan, CPA
Director
Date: September 8, 2023

By: */s/ Charles H. Schaefer*
Charles H. Schaefer
Director
Date: September 8, 2023

By: */s/ Stephen E. Nelson*
Stephen E. Nelson
Director
Date: September 8, 2023

By: */s/ Tejraj S. Hada*
Tejraj S. Hada
Director
Date: September 8, 2023

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 8, 2023, 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, 2023.

/s/ Bonadio & Co., LLP
Pittsford, New York
September 8, 2023

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 8, 2023

/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, Michelle M. Plummer, 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 8, 2023

/s/ Michelle M. Plummer
Michelle M. Plummer, CPA, CGMA
Senior Executive Vice President,
Chief Financial Officer and Chief Operating 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, 2023 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 8, 2023

/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

Michelle M. Plummer, Chief Financial Officer of Greene County Bancorp, Inc. (the "Company"), certifies in her capacity as an officer of the Company that she has reviewed the Annual Report of the Company on Form 10-K for the year ended June 30, 2023 and that to the best of her 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 8, 2023

/s/ Michelle M. Plummer
Michelle M. Plummer, CPA, CGMA
Senior Executive Vice President,
Chief Financial Officer and Chief Operating Officer