GREENE COUNTY BANCORP INC
Form 10-Q
November 12, 2010

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010

OR

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

GREENE COUNTY BANCORP, INC.

(Exact name of small business issuer as specified in its charter)

Commission file number 0-25165

United States 14-1809721
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

302 Main Street, Catskill, New York 12414
(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: (518) 943-2600

Check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes: X No: ______

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

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

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

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

As of November 12, 2010, the registrant had 4,130,495 shares of common stock outstanding at $ .10 par value.

GREENE COUNTY BANCORP, INC.

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Greene County Bancorp, Inc.
Consolidated Statements of Financial Condition
As of September 30, 2010 and June 30, 2010
(Unaudited)
(In thousands, except share and per share amounts)

ASSETS	September 30, 2010	June 30, 2010
Cash and due from banks	$36,730	$9,253
Federal funds sold	2,299	390
Total cash and cash equivalents	39,029	9,643
Long term certificate of deposit	1,000	1,000
Securities available for sale, at fair value	87,881	89,805
Securities held to maturity, at amortized cost	80,475	77,520
Federal Home Loan Bank stock, at cost	1,457	1,866
Loans	303,289	299,200
Allowance for loan losses	(4,338)	(4,024)
Unearned origination fees and costs, net	443	406
Net loans receivable	299,394	295,582
Premises and equipment	14,849	14,804
Accrued interest receivable	2,846	2,731
Foreclosed real estate	200	---
Prepaid expenses and other assets	2,350	2,372
Total assets	$529,481	$495,323
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	$49,060	$44,239
Interest bearing deposits	414,384	377,493
Total deposits	463,444	421,732
Borrowings from FHLB, short-term	---	9,100
Borrowings from FHLB, long-term	17,000	17,000
Accrued expenses and other liabilities	3,104	2,988
Total liabilities	483,548	450,820
Shareholders' equity:		
Preferred stock,		

Authorized - 1,000,000 shares; Issued - None	---	---
Common stock, par value $.10 per share;		
Authorized - 12,000,000 shares		
Issued - 4,305,670 shares		
Outstanding - 4,123,245 shares at September 30, 2010		
4,118,912 shares at June 30, 2010;	431	431
Additional paid-in capital	10,742	10,666
Retained earnings	34,698	33,692
Accumulated other comprehensive income	1,438	1,123
Treasury stock, at cost 182,425 shares at September 30, 2010		
186,758 shares at June 30, 2010	(1,376)	(1,409)
Total shareholders' equity	45,933	44,503
Total liabilities and shareholders' equity	$529,481	$495,323

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Income
For the Three Months Ended September 30, 2010 and 2009
(Unaudited)
(In thousands, except share and per share amounts)

	2010	2009
Interest income:		
Loans	$4,537	$4,167
Investment securities - taxable	271	316
Mortgage-backed securities	882	920
Investment securities - tax exempt	284	249
Interest bearing deposits and federal funds sold	2	4
Total interest income	5,976	5,656
Interest expense:		
Interest on deposits	1,030	1,250
Interest on borrowings	149	167
Total interest expense	1,179	1,417
Net interest income	4,797	4,239
Provision for loan losses	353	248
Net interest income after provision for loan losses	4,444	3,991
Non-interest income:		
Service charges on deposit accounts	567	748
Debit card fees	297	248
Investment services	78	59
E-commerce fees	30	30
Other operating income	128	116
Total non-interest income	1,100	1,201
Non-interest expense:		
Salaries and employee benefits	1,917	1,806
Occupancy expense	303	302
Equipment and furniture expense	144	153
Service and data processing fees	343	343
Computer software, supplies and support	71	82
Advertising and promotion	101	78
FDIC insurance premiums	143	135
Legal and professional fees	90	75
Other	416	408
Total non-interest expense	3,528	3,382
Income before provision for income taxes	2,016	1,810
Provision for income taxes	692	626
Net income	$1,324	$1,184
Basic EPS	$0.32	$0.29
Basic average shares outstanding	4,121,299	4,105,312

Diluted EPS	$0.32	$0.29
Diluted average shares outstanding	4,152,082	4,132,766
Dividends per share	$0.175	$0.170

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Comprehensive Income
For the Three Months Ended September 30, 2010 and 2009
(Unaudited)
(In thousands)

	2010	2009
Net income	$1,324	$1,184
Other comprehensive income:		
Securities:		
Unrealized holding gains on available for sale securities, arising during the three months ended September 30, 2010 and 2009, net of income taxes of $188 and $266, respectively.	299	421
Accretion of unrealized loss on securities transferred to held-to-maturity, net of income taxes of $8 and $9, respectively	12	15
Other comprehensive income	311	436
Pension, actuarial gain, net of income tax	4	---
Comprehensive income	$1,639	$1,620

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended September 30, 2010 and 2009
(Unaudited)
(In thousands)

	Common Stock	Additional Paid – In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Shareholders' Equity
Balance at June 30, 2009	$431	$10,508	$30,045	$792	($1,512)	$40,264
Stock options compensation		56				56
Dividends declared			(306)			(306)
Net income			1,184			1,184
Total other comprehensive income, net of taxes				436		436
Balance at September 30, 2009	$431	$10,564	$30,923	$1,228	($1,512)	$41,634
Balance at June 30, 2010	$431	$10,666	$33,692	$1,123	($1,409)	$44,503
Stock options exercised		21			33	54
Tax effect of stock options exercised		(1)				(1)
Stock options compensation		56				56
Dividends declared			(318)			(318)
Net income			1,324			1,324
Total other comprehensive income, net of taxes				315		315
Balance at						

September 30, 2010	$431	$10,742	$34,698	$1,438		($1,376)	$45,933

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Consolidated Statements of Cash Flows
For the Three Months Ended September 30, 2010 and 2009
(Unaudited)

(In thousands)	2010	2009
Cash flows from operating activities:		
Net Income	$1,324	$1,184
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	195	233
Net amortization of premiums and discounts	253	200
Net amortization of deferred loan costs and fees	42	49
Provision for loan losses	353	248
Stock option compensation	56	56
Net loss on sale of foreclosed real estate	---	8
Net increase in accrued income taxes	26	80
Net increase in accrued interest receivable	(115)	(121)
Net increase in prepaid and other assets	(7)	(177)
Net decrease in other liabilities	(74)	(850)
Net cash provided by operating activities	2,053	910
Cash flows from investing activities:		
Securities available-for-sale:		
Proceeds from maturities	4,042	3,000
Purchases of securities	(3,999)	---
Principal payments on securities	2,266	2,412
Securities held-to-maturity:		
Proceeds from maturities	4,391	844
Purchases of securities	(8,513)	(4,277)
Principal payments on securities	1,036	910
Net sale of Federal Home Loan Bank Stock	409	---
Net increase in loans receivable	(4,407)	(8,559)
Proceeds from sale of foreclosed real estate	---	207
Purchases of premises and equipment	(240)	(84)
Net cash used in investing activities	(5,015)	(5,547)
Cash flows from financing activities:		
Net decrease in short-term FHLB advances	(9,100)	---
Payment of cash dividends	(318)	(306)
Proceeds from stock options exercised	54	---
Net increase in deposits	41,712	10,642
Net cash provided by financing activities	32,348	10,336
Net increase in cash and cash equivalents	29,386	5,699
Cash and cash equivalents at beginning of period	9,643	9,443
Cash and cash equivalents at end of period	$39,029	$15,142
Non-cash investing activities:		
Foreclosed loans transferred to foreclosed real estate	$200	$---

Cash paid during the period:		
Interest	$1,183	$1,414
Income taxes	666	546

See notes to consolidated financial statements.

Greene County Bancorp, Inc.
Notes to Consolidated Financial Statements
As of and for the Three Months Ended September 30, 2010 and 2009

(1) Basis of Presentation

The accompanying consolidated statement of financial condition as of June 30, 2010 was derived from the audited consolidated financial statements of Greene County Bancorp, Inc. (the "Company") and its wholly owned subsidiary, The Bank of Greene County (the "Bank") and the Bank's wholly owned subsidiary, Greene County Commercial Bank. The consolidated financial statements at and for the three months ended September 30, 2010 and 2009 are unaudited.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. To the extent that information and footnotes required by GAAP for complete financial statements are contained in or are consistent with the audited financial statements incorporated by reference to Greene County Bancorp, Inc.'s Annual Report on Form 10-K for the year ended June 30, 2010, such information and footnotes have not been duplicated herein. In the opinion of management, all adjustments (consisting of only normal recurring items) necessary for a fair presentation of the financial position and results of operations and cash flows at and for the periods presented have been included. Amounts in the prior year's consolidated financial statements have been reclassified whenever necessary to conform to the current year's presentation. These reclassifications had no effect on net income or retained earnings as previously reported. All material inter-company accounts and transactions have been eliminated in the consolidation. The results of operations and other data for the three months ended September 30, 2010 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2011. These consolidated financial statements consider events that occurred through the date the consolidated financial statements were issued.

CRITICAL ACCOUNTING POLICIES

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

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

(2) Nature of Operations

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

(3) Use of Estimates

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

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

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

(4) Securities

Securities at September 30, 2010 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	$ 22,354	$ 431	$ ---	$ 22,785
State and political subdivisions	7,889	348	---	8,237
Mortgage-backed securities-residential	22,700	1,039	---	23,739
Mortgage-backed securities-multi-family	24,449	1,253	---	25,702
Asset-backed securities	32	---	1	31
Corporate debt securities	6,900	384	---	7,284
Total debt securities	84,324	3,455	1	87,778
Equity securities and other	67	36	---	103
Total securities available-for-sale	84,391	3,491	1	87,881
Securities held-to-maturity:				
U.S. government sponsored enterprises	7,002	88	---	7,090
State and political subdivisions	33,917	139	5	34,051
Mortgage-backed securities-residential	35,255	1,715	---	36,970
Mortgage-backed securities-multi-family	3,928	17	2	3,943
Other securities	373	---	---	373
Total securities held-to-maturity	80,475	1,959	7	82,427
Total securities	$ 164,866	$ 5,450	$ 8	$ 170,308

Securities at June 30, 2010 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	$21,942	$234	$---	$22,176
State and political subdivisions	8,392	357	---	8,749
Mortgage-backed securities-residential	24,838	1,045	---	25,883
Mortgage-backed securities-multi-family	24,623	1,309	---	25,932
Asset-backed securities	33	---	1	32
Corporate debt securities	6,907	97	73	6,931
Total debt securities	86,735	3,042	74	89,703
Equity securities and other	67	35	---	102
Total securities available-for-sale	86,802	3,077	74	89,805
Securities held-to-maturity:				
U.S. government sponsored enterprises	7,004	64	---	7,068
State and political subdivisions	29,821	25	---	29,846
Mortgage-backed securities-residential	36,277	1,362	---	37,639
Mortgage-backed securities-multi-family	4,058	11	---	4,069
Other securities	360	---	---	360

Total securities held-to-maturity	77,520	1,462	---	78,982
Total securities	$164,322	$4,539	$74	$168,787

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 September 30, 2010.

	Less Than 12 Months		More Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands)						
Securities available-for-sale:						
Asset-backed securities	$---	$---	$31	1	31	1
Total available-for-sale securities	---	---	31	1	31	1
Securities held-to-maturity:						
State and political subdivisions	957	5	---	---	957	5
Mortgage-backed securities-multi-family	1,007	2	---	---	1,007	2
Total held-to-maturity securities	1,964	7	---	---	1,964	7
Total securities	$1,964	$7	$31	$1	$1,995	$8

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, 2010.

	Less Than 12 Months		More Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands)						
Securities available-for-sale:						
Asset-backed securities	$---	$---	$32	$1	$32	$1
Corporate debt securities	---	---	2,492	73	2,492	73
Total securities	$---	$---	$2,524	$74	$2,524	$74

At September 30, 2010, there was one security which has been in a continuous unrealized loss position for more than 12 months and 21 securities with a continuous unrealized loss position of less than 12 months. When the fair value of a held to maturity or available for sale security is less than its amortized cost basis, an assessment is made as to whether other-than-temporary impairment ("OTTI") is present. The Company considers numerous factors when determining whether a potential OTTI exists and the period over which the debt security is expected to recover. The principal factors considered are (1) the length of time and the extent to which the fair value has been less than the amortized cost basis, (2) the financial condition of the issuer (and guarantor, if any) and adverse conditions specifically related to the security, industry or geographic area, (3) failure of the issuer of the security to make scheduled interest or principal payments, (4) any changes to the rating of the security by a rating agency, and (5) the presence of credit enhancements, if any, including the guarantee of the federal government or any of its agencies.

For debt securities, OTTI is considered to have occurred if (1) the Company intends to sell the security, (2) it is more likely than not the Company will be required to sell the security before recovery of its amortized cost basis, or (3) if the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. In determining the present value of expected cash flows, the Company discounts the expected cash flows at the effective interest rate implicit in the security at the date of acquisition. In estimating cash flows expected to be collected, the Company uses available information with respect to security prepayment speeds, default rates and severity. In determining whether

OTTI has occurred for equity securities, the Company considers the applicable factors described above and the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

For debt securities, credit-related OTTI is recognized in income while noncredit related OTTI on securities not expected to be sold is recognized in other comprehensive income ("OCI"). Credit-related OTTI is measured as the difference between the present value of an impaired security's expected cash flows and its amortized cost basis. Noncredit-related OTTI is measured as the difference between the fair value of the security and its amortized cost less any credit-related losses recognized. For securities classified as held to maturity, the amount of OTTI recognized in OCI is accreted to the credit-adjusted expected cash flow amounts of the securities over future periods. For equity securities, the entire amount of OTTI is recognized in income. Management evaluated securities considering the factors as outlined above, and based on this evaluation the Company does not consider these investments to be other-than-temporarily impaired at September 30, 2010. Management believes that the reasons for the decline in fair value are due to interest rates and widening credit spreads at the end of the quarter

During the quarters ended September 30, 2010 and 2009, there were no sales of available-for-sale or held-to-maturity securities. There was no other-than-temporary impairment loss recognized during the quarters ended September 30, 2010 and 2009.

The estimated fair value of debt securities at September 30, 2010, 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 One Year Or Less	After One Year Through Five Years	After Five Years Through Ten Years	After Ten Years	Total
(Dollars in thousands)					
Securities available-for-sale:					
U.S. Government sponsored enterprises	$1,328	$19,189	$2,268	$---	$22,785
State and political subdivisions	1,521	6,355	361	---	8,237
Mortgage-backed securities-residential	1,186	2,199	7,599	12,755	23,739
Mortgage-backed securities-multi-family	1,182	21,585	2,935	---	25,702
Asset-backed securities	---	---	---	31	31
Corporate debt securities	---	2,962	4,322	---	7,284
Total debt securities	5,217	52,290	17,485	12,786	87,778
Equity securities	---	---	---	103	103
Total securities available-for-sale	5,217	52,290	17,485	12,889	87,881
Securities held-to-maturity:					
U.S. government sponsored enterprises	---	5,054	2,036	---	7,090
State and political subdivisions	15,326	10,144	4,817	3,764	34,051
Mortgage-backed securities-residential	---	2,641	17,355	16,974	36,970
Mortgage-backed securities-multi-family	---	1,529	2,414	---	3,943
Other securities	20	3	---	350	373
Total securities held-to-maturity	15,346	19,371	26,622	21,088	82,427
Total securities	$20,563	$71,661	$44,107	$33,977	$170,308

As of September 30, 2010, securities with an aggregate fair value of $122.9 million were pledged as collateral for deposits in excess of FDIC insurance limits for various municipalities placing deposits with Greene County Commercial Bank. Greene County Bancorp, Inc. did not participate in any securities lending programs during the quarters ended September 30, 2010 or 2009.

Federal Home Loan Bank Stock

Federal law requires a member institution of the Federal Home Loan Bank ("FHLB") system to hold stock of its district FHLB according to a predetermined formula. This stock is restricted in that it can only be sold to the FHLB or to another member institution, and all sales of FHLB stock must be at par. As a result of these restrictions, FHLB stock is carried at cost. FHLB stock is held as a long-term investment and its value is determined based on the ultimate recoverability of the par value. Impairment of this investment is evaluated quarterly and is a matter of judgment that reflects management's view of the FHLB's long-term performance, which includes factors such as the following: its operating performance; the severity and duration of declines in the fair value of its net assets related to its capital stock amount; its commitment to make payments required by law or regulation and the level of such payments in relation to its operating performance; the impact of legislative and regulatory changes on the FHLB, and accordingly, on the members of the FHLB; and its liquidity and funding position. After evaluating these considerations, Greene County Bancorp, Inc. concluded that the par value of its investment in FHLB stock will be recovered and, therefore, no other-than-temporary impairment charge was recorded during the fiscal quarter ended September 30, 2010.

(5) 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 September 30, 2010 and June 30, 2010 and have not been re-evaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

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

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

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

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

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

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

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

	Fair Value Measurements Using		
	Quoted Prices	Significant	Significant