

GREENE COUNTY BANCORP INC
Form DEF 14A
September 30, 2013

SCHEDULE 14-A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Greene County Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).

☐ \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

.....

2) Aggregate number of securities to which transaction applies:

.....

3) Per unit price or other underlying value of transaction computed pursuant to

Exchange Act Rule 0-11:

.....

4) Proposed maximum aggregate value of transaction:

.....

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

September 27, 2013

Dear Stockholder:

We cordially invite you to attend the Annual Meeting of Stockholders of Greene County Bancorp, Inc. (the “Company”). The Company is the holding company of The Bank of Greene County (the “Bank”) and the Bank’s subsidiary, Greene County Commercial Bank, and our common stock is traded on the NASDAQ Capital Market under the symbol “GCBC.” The Annual Meeting will be held at Columbia – Greene Community College, 4400 Route 23, Hudson, New York, at 10:00 a.m., New York Time, on Saturday, November 2, 2013. The Company will be providing a brunch and short presentation to shareholders and guests. Please indicate on your proxy card if you are planning to attend. If you would like to confirm your attendance, please call the administrative office at 518-943-2600 extension 2000.

The enclosed Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted. During the Annual Meeting we will also report on the operations of the Company. Directors and officers of the Company, as well as a representative of our independent registered public accounting firm, will be present to respond to any questions that stockholders may have.

The Annual Meeting is being held so that stockholders may consider the election of Directors, the ratification of the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for fiscal year 2014, a proposal to consider and approve a non-binding advisory resolution regarding the compensation of the Company’s named executive officers (“say on pay”) and a proposal to consider and approve the frequency at which the Company should include an advisory vote regarding the compensation of the Company’s named executive officers in its proxy statement for shareholder consideration (“frequency on pay”).

On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the meeting. Your vote is important, regardless of the number of shares that you own.

Sincerely,

/s/ Donald E. Gibson

Donald E. Gibson

President and Chief Executive Officer

Greene County Bancorp, Inc.

302 Main Street

Catskill, New York 12414

(518) 943-2600

NOTICE OF

ANNUAL MEETING OF STOCKHOLDERS

To Be Held On November 2, 2013

Notice is hereby given that the Annual Meeting of Stockholders of Greene County Bancorp, Inc. (the “Company”) will be held at Columbia – Greene Community College, 4400 Route 23, Hudson, New York, on Saturday, November 2, 2013 at 10:00 a.m., New York Time. A Proxy Card and a Proxy Statement for the Annual Meeting are enclosed.

The Annual Meeting is for the purpose of considering and acting upon:

1. The election of three Directors to the Board of Directors;
2. The ratification of the appointment of BDO USA, LLP as independent registered public accounting firm for the Company for the fiscal year ending June 30, 2014;
3. To consider and approve a non-binding advisory resolution regarding the compensation of the Company’s named executive officers;
4. To consider and act upon an advisory vote on the frequency at which the Company should include an advisory vote regarding the compensation of the Company’s named executive officers in its proxy statement for shareholder consideration; and

such other matters as may properly come before the Annual Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Annual Meeting.

Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned. Stockholders of record at the close of business on September 6, 2013, are the stockholders entitled to vote at the Annual Meeting, and any adjournments thereof. A list of stockholders entitled to vote at the Annual Meeting will be available at 302 Main Street, Catskill, New York, for a period of ten days prior to the Annual Meeting and will also be available for inspection at the meeting itself.

EACH STOCKHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE ANNUAL MEETING, IS REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ANY PROXY GIVEN BY THE STOCKHOLDER MAY BE REVOKED AT ANY TIME BEFORE IT IS EXERCISED. A PROXY MAY BE REVOKED BY FILING WITH THE SECRETARY OF THE COMPANY A WRITTEN REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE. ANY STOCKHOLDER PRESENT AT THE ANNUAL MEETING MAY REVOKE HIS OR HER PROXY AND VOTE PERSONALLY ON EACH MATTER BROUGHT BEFORE THE ANNUAL MEETING. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER IN ORDER TO VOTE PERSONALLY AT THE ANNUAL MEETING.

The Company's proxy statement and Annual Report to Shareholders are available on www.thebankofgreenecounty.com.

By Order of the Board of Directors

/s/ Susan Timan

Susan Timan

Corporate Secretary

September 27, 2013

A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

PROXY STATEMENT

Greene County Bancorp, Inc.

302 Main Street

Catskill, New York 12414

(518) 943-2600

ANNUAL MEETING OF STOCKHOLDERS

November 2, 2013

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Greene County Bancorp, Inc. (the “Company”) to be used at the Annual Meeting of Stockholders of the Company (the “Annual Meeting”), which will be held at Columbia – Greene Community College, 4400 Route 23, Hudson, New York, on Saturday, November 2, 2013, at 10:00 a.m., New York Time, and all adjournments of the Annual Meeting. The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement are first being mailed to stockholders on or about September 27, 2013.

REVOCATION OF PROXIES

Stockholders who execute proxies in the form solicited hereby retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies solicited on behalf of the Board of Directors of the Company will be voted in accordance with the directions given thereon. Where no instructions are indicated, validly executed proxies will be voted “FOR” proposals 1, 2, 3 and “FOR” the “ONE YEAR” option presented for Proposal 4 set forth in this Proxy Statement. If any other matters are properly brought before the Annual Meeting, the persons named in the accompanying proxy will vote the shares represented by such proxies on such matters in such manner as shall be determined by a majority of the Board of Directors.

A proxy may be revoked at any time prior to its exercise by sending written notice of revocation to the Secretary of the Company at the address shown above, by delivering to the Company a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. However, if you are a stockholder whose shares are not registered in your own name, you will need appropriate documentation from your record holder to vote personally at the Annual Meeting. The presence at the Annual Meeting of any stockholder who had returned a proxy shall not revoke such proxy unless the stockholder delivers his or her ballot in person at the Annual Meeting or delivers a written revocation to the Secretary of the Company prior to the voting of such proxy.

VOTING PROCEDURES AND METHODS OF COUNTING VOTES

Holders of record of the Company's common stock, par value \$0.10 per share, as of the close of business on September 6, 2013 (the "Record Date") are entitled to one vote for each share then held. As of the Record Date, the Company had 4,194,640 shares of common stock issued and outstanding, 2,304,632 of which were held by Greene County Bancorp, MHC (the "Mutual Holding Company"), and 1,890,008 of which were held by stockholders other than the Mutual Holding Company ("Minority Stockholders"). The presence in person or by proxy of a majority of the total number of shares of common stock outstanding and entitled to vote is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining that a quorum is present. In the event there are not sufficient votes for a quorum, or to approve or ratify any matter being presented at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies. However, the presence at the Annual Meeting in person or by proxy of the Mutual Holding Company's shares will assure a quorum is present at the Annual Meeting.

If you participate in The Bank of Greene County Employee Stock Ownership Plan (the "ESOP") or if you hold Company common stock through The Bank of Greene County Employees' Savings & Profit Sharing Plan (the "401(k) Plan"), you will receive a proxy form for the plans that reflects all shares you may direct the trustees to vote on your behalf under the plans. Under the terms of the ESOP, the ESOP trustees votes all shares held by the ESOP,

but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary responsibilities, will vote all allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. Under the terms of the 401(k) Plan, a participant is entitled to provide voting instructions for all shares credited to his or her 401(k) Plan account and held in the Employer Stock Fund. Shares for which no voting instructions are given or for which instructions were not timely received will be voted by the trustee in the manner directed by the plan administrative committee. The plan administrative committee intends to direct the trustee to vote the unvoted shares in the same proportion as shares for which it has received timely voting instructions. The deadline for returning your ESOP and 401(k) Plan voting instructions is Saturday, October 26, 2013.

As to the election of Directors, the Proxy Card being provided by the Board of Directors enables a stockholder to vote FOR the election of the three nominees proposed by the Board, to WITHHOLD AUTHORITY to vote for the nominees being proposed, or to vote FOR ALL EXCEPT one or more of the nominees being proposed. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is withheld. Plurality means that individuals who receive the largest number of votes cast are elected, up to the maximum number of directors to be elected at the Meeting.

As to the ratification of BDO USA, LLP as the Company's independent registered public accounting firm, by checking the appropriate box, a stockholder may: (i) vote FOR the ratification; (ii) vote AGAINST the ratification; or (iii) ABSTAIN from voting on the ratification. The ratification of this matter shall be determined by a majority of the votes cast, without regard to broker non-votes or proxies marked ABSTAIN.

As to the advisory, non-binding resolution with respect to our executive compensation as described in this Proxy Statement, a stockholder may: (i) vote "FOR" the resolution; (ii) vote "AGAINST" the resolution; or (iii) "ABSTAIN" from voting on the resolution. The affirmative vote of a majority of the votes cast at the Annual Meeting, without regard to either broker non-votes and proxies marked "ABSTAIN," is required for the approval of the non-binding resolution. While this vote is required by law, it will neither be binding on the Company or the Board of Directors, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Company or the Board of Directors.

As to the advisory, non-binding proposal with respect to the frequency that shareholders will vote on our executive compensation, a stockholder may select that stockholders: (i) consider the proposal every "ONE YEAR"; (ii) consider the proposal every "TWO YEARS"; (iii) consider the proposal every "THREE YEARS"; or (iv) "ABSTAIN" from voting on the proposal. Generally, approval of any matter presented to stockholders requires the affirmative vote of a majority of the votes cast. However, because this vote is advisory and non-binding, if none of the frequency options receives a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the Company's stockholders. Even though this vote will neither be binding on the Company or the Board of Directors, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Company or the Board of Directors, the Board of Directors will take into account the outcome of this vote in making a determination on the frequency that advisory votes on executive compensation will be included in our proxy statements.

Management of the Company anticipates that the Mutual Holding Company, the majority stockholder of the Company, will vote all of its shares in favor of all the matters set forth above and for the ONE YEAR option presented for Proposal 4. If the Mutual Holding Company votes all of its shares in favor of each proposal and for the ONE YEAR option presented for Proposal 4, the approval of each proposal would be assured.

Proxies solicited hereby will be returned to the Company and will be tabulated by an Inspector of Election designated by the Board of Directors of the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Persons and groups who beneficially own in excess of 5% of the common stock are required to file certain reports with the Securities and Exchange Commission (the "SEC") regarding such ownership. The following table

2

sets forth, as of the Record Date, the shares of common stock beneficially owned by each person who was the beneficial owner of more than 5% of the Company's outstanding shares of common stock, and all Directors and executive officers of the Company as a group.

Name and Address of Beneficial Owners	Amount of Shares Owned and Nature of Beneficial Ownership ⁽¹⁾	Percent of Shares of Common Stock Outstanding
Principal Stockholders:		
Greene County Bancorp, MHC 302 Main Street Catskill, New York 12414	2,304,632	54.90%
Greene County Bancorp, MHC ⁽²⁾ and all Directors and Executive Officers as a group (8 persons)	2,659,632	63.40%

⁽¹⁾For purposes of this table, a person is deemed to be the beneficial owner of shares of common stock if he has shared voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, "voting power" is the power to vote or direct the voting of shares, and "investment power" is the power to dispose of or direct the disposition of shares. The table includes all shares held directly as well as by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting and investment power.

⁽²⁾The Company's executive officers and Directors are also executive officers and Directors of Greene County Bancorp, MHC. Excluding shares held by Greene County Bancorp, MHC, the Company's executive officers and Directors beneficially owned an aggregate of 355,000 shares, or 8.5% of the outstanding shares.

PROPOSAL 1—ELECTION OF DIRECTORS

The Company's Board of Directors is comprised of six members. The Company's Bylaws provide that approximately one-third of the Company's Directors are to be elected annually. Directors of the Company are generally elected to serve for three-year periods and until their respective successors have been elected and qualified. Three Directors will be elected at the Annual Meeting. The Nominating Committee of the Board of Directors has nominated as Directors Paul Slutzky, David H. Jenkins DVM and Donald E. Gibson, each to serve for a three-year period and until

his successor has been elected and qualified. Each of the nominees is currently a member of the Board of Directors.

The table below sets forth certain information as of September 6, 2013 regarding the nominees, the other current members of the Board of Directors, and the executive officers of the Company who are not Directors. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to one or more nominees) will be voted at the Annual Meeting for the election of the nominees identified below. If a nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may determine. At this time, the Board of Directors knows of no reason why any of the nominees would be unable to serve if elected. Except as indicated herein, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” EACH OF THE NOMINEES LISTED IN THIS PROXY STATEMENT.

Name ⁽¹⁾	Age	Positions Held	Director Since ⁽²⁾	Current Term to Expire	Shares of Common Stock Beneficially Owned on Record Date ⁽³⁾⁽⁴⁾	Percent of Class
NOMINEES						
Paul Slutzky	65	Director	1992	2013	42,240	1.00%
David H. Jenkins, DVM	62	Director	1996	2013	51,370	1.20%
Donald E. Gibson	48	President and Chief Executive Officer and Director	2007	2013	39,021	0.90%
DIRECTORS CONTINUING IN OFFICE						
Dennis R. O'Grady	73	Director	1981	2014	51,812	1.20%
Martin C. Smith	68	Chairman of the Board	1993	2014	67,177	1.60%
Charles H. Schaefer	61	Director	2003	2015	41,226	1.00%
EXECUTIVE OFFICERS						
Michelle M. Plummer, CPA	47	Executive Vice President, Chief Operating Officer and Chief Financial Officer	N/A	N/A	47,318	1.10%
Stephen E. Nelson	46	Executive Vice President, Chief Lending Officer	N/A	N/A	14,836	0.40%
All Directors and executive officers as a group (8 persons)					355,000 ⁽⁵⁾	8.50%

(1)The mailing address for each person listed is P.O. Box 470, 302 Main Street, Catskill, New York 12414. Each of the Directors listed is also a Director of Greene County Bancorp, MHC, which owns the majority of the Company's issued and outstanding shares of common stock.

(2)Except with regard to Directors Schaefer and Gibson, reflects initial appointment to the Board of Trustees of the mutual predecessor to The Bank of Greene County.

(3)See definition of "beneficial ownership" in the table "Security Ownership of Certain Beneficial Owners."

(4)Includes shares subject to options which are currently exercisable, as follows: Slutzky 6,000; O'Grady 2,000; Schaefer 4,500; Gibson 11,700; Plummer 24,000; and Nelson 5,000.

(5)Includes 24,238 shares of common stock allocated to the accounts of executive officers under the ESOP and excludes the remaining 147,094 shares of common stock, or 3.51% of the shares of common stock outstanding, owned by the ESOP for the benefit of employees of The Bank of Greene County. Under the terms of the ESOP, shares of common stock allocated to the accounts of employees are voted in accordance with the instructions of the respective employees. Unallocated shares are voted by the ESOP trustee in the manner calculated to most accurately reflect the

instructions it has received from the participants regarding the allocated shares, unless its fiduciary duties require otherwise.

The biographies of each of the nominees, continuing Board members and executive officers are set forth below. With respect to Directors and nominees, the biographies also contain information regarding the person's business experience and the experiences, qualifications, attributes or skills that caused the Nominating Committee and the Board of Directors to determine that the person should serve as a Director. Each Director is also a Director of Greene County Bancorp, MHC (the mutual holding company that owns 54.9% of the Company's shares of common stock) and The Bank of Greene County (the "Bank").

Paul Slutzky is a co-owner and manager of Hunter Mountain Ski Area and Vice President of Frosty Land, Inc., a real estate development company. Mr. Slutzky's over 25 years of experience as co-owner and 40 years as

manager of his own company bring valuable business and leadership skills and financial acumen to the Board in furtherance of the Board's objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills, and other qualities that are beneficial to the Company.

David H. Jenkins, DVM is a veterinarian and the former owner of Catskill Animal Hospital, Catskill, New York. Dr. Jenkins' over 30 years of experience as owner and manager of a locally operated business bring valuable business and leadership skills and financial acumen to the Board in furtherance of the Board's objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills, and other qualities that are beneficial to the Company.

Donald E. Gibson has served as President and Chief Executive Officer of the Company and the Bank since June 2007. Prior to this appointment, Mr. Gibson served as Senior Vice President of the Company and the Bank since 2003 and has been employed by the Bank since 1987. Mr. Gibson obtained a Master of Business Administration from the College of Saint Rose. Mr. Gibson has over 25 years of experience in the banking industry. As Chief Executive Officer, Mr. Gibson's experience in leading the Company and the Bank and his responsibilities for the strategic direction and management of the Company's day-to-day operations, bring broad industry and specific institutional knowledge and experience to the Board of Directors.

Dennis R. O'Grady is the former owner and operator of Mikhitarian Pharmacy for 31 years, until its sale to Price Chopper in 1999. Mr. O'Grady has also served as the President of Columbia-Greene Community College Foundation, President of Catskill Rotary, President of Catskill Boys Club, and President of local chapters of the March of Dimes. He has served on several local not for profit organizations in the role of finance committee member. Mr. O'Grady's over 30 years of experience as owner of his own pharmaceutical business bring valuable business and leadership skills and financial acumen to the Board in furtherance of the Board's objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills, and other qualities that are beneficial to the Company. Mr. O'Grady is a graduate of Union University, Albany College of Pharmacy.

Charles H. Schaefer is a partner of the law firm, Deily & Schaefer, Catskill, New York. Mr. Schaefer is a member of the American Bar Association's Committee on Banking Law as well as a member of the New York State Bank Association's Section on Business Law and its banking subcommittee. Since 1977 he has advised the Bank on various legal matters, becoming General Counsel in 1988 to the Bank's predecessor, Greene County Savings Bank. As an experienced attorney, Mr. Schaefer brings to the Board a unique and valuable perspective on legal and legal-related issues that may arise in the operations and management of the Company and the Bank.

Martin C. Smith is a retired consultant to Main Bros. Oil Co., Inc., and is the former owner of R.E. Smith Fuel Company, which was purchased by Main Bros. Oil Co., Inc., located in Albany, New York. He became Chairman of the Board in November 2005. Mr. Smith's 23 years of experience as owner of his own energy services company and an additional 15 years as a consultant in the energy services industry bring valuable business and leadership skills and financial acumen to the Board in furtherance of the Board's objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills, and other qualities that are beneficial to the

Company.

Executive Officers of the Company who are not Directors

Michelle M. Plummer, CPA has served as Executive Vice President, Chief Operating Officer and Chief Financial Officer of the Company and the Bank since 2007. Prior to this appointment, Ms. Plummer served as Chief Financial Officer of the Company and the Bank since May 1999 and Chief Financial Officer and Treasurer since January 2002. Prior to that time, Ms. Plummer held positions with KPMG LLP and with the Federal Reserve Bank of New York. Ms. Plummer obtained a Master of Science from Pace University.

Stephen E. Nelson has served as Executive Vice President and Chief Lending Officer of the Company and the Bank since 2008. Prior to this appointment, Mr. Nelson served as Senior Vice President of the Company and Bank since 2001 and has served in various capacities with the Bank since 1988. Mr. Nelson obtained a Master of Business Administration from the College of Saint Rose.

Section 16(a) Beneficial Ownership Reporting Compliance

The common stock of the Company is registered with the SEC pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The officers and Directors of the Company and beneficial owners of greater than 10% of the Company’s common stock (“10% beneficial owners”) are required to file reports on Forms 3, 4 and 5 with the SEC disclosing beneficial ownership and changes in beneficial ownership of the common stock. SEC rules require disclosure in the Company’s Proxy Statement or Annual Report on Form 10-K of the failure of an officer, Director or 10% beneficial owner of the Company’s common stock to file a Form 3, 4, or 5 on a timely basis. Based on the Company’s review of such ownership reports, no officer or Director of the Company failed to timely file such ownership reports for the fiscal year ended June 30, 2013.

Board Independence

The Board of Directors has determined that, except for Mr. Gibson and Mr. Schaefer, each member of the Board is an “independent director” within the meaning of Rule 4200(a)(15) of the NASDAQ corporate governance listing standards. Mr. Gibson is not considered independent because he is President and Chief Executive Officer of the Company and the Bank. Mr. Schaefer is not considered independent because he is a partner in the law firm Deily & Schaefer, from which the Company uses various services in the normal course of business. In determining the independence of the other Directors listed above there were no transactions reviewed by the Board of Directors which were not required to be reported under “Transactions With Certain Related Persons,” below.

Board Leadership Structure and Risk Oversight

Our Board of Directors is chaired by Martin C. Smith, who is a non-executive Director. We believe that this structure promotes a greater role for the independent Directors in the oversight of the Company and the Bank and active participation of the independent Directors in setting agendas and establishing priorities and procedures for the work of the Board. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company. The Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for Board meetings and presides over meetings of the full Board of Directors.

The Board of Directors is actively involved in oversight of risks that could affect Greene County Bancorp, Inc. This oversight is conducted primarily through Committees of the Board of Directors, but the full Board of Directors has retained responsibility for general oversight of risks. The Board of Directors satisfies this responsibility through full reports by each Committee chair regarding the Committee’s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within Greene County Bancorp, Inc., including credit, financial, operational, liquidity, legal and regulatory risks. Risks relating to the direct operations of The Bank of Greene County are further overseen by the Board of Directors of The Bank of Greene County, who are

the same individuals who serve on the Board of Directors of Greene County Bancorp, Inc. The Board of Directors of The Bank of Greene County also has additional Committees that conduct risk oversight separate from the Committees of Greene County Bancorp, Inc. Further, the Board of Directors oversees risks through the establishment of policies and procedures that are designed to guide daily operations in a manner consistent with applicable laws, regulations and risks acceptable to the organization.

References to our Website Address

References to our website address throughout this Proxy Statement and the accompanying materials are for informational purposes only, or to fulfill specific disclosure requirements of the Securities and Exchange Commission's rules. These references are not intended to, and you should not, incorporate the contents of our website by reference into this Proxy Statement or the accompanying materials.

Meetings and Committees of the Board of Directors; Annual Meeting Attendance

General. The business of the Company is conducted at regular and special meetings of the full Board and its standing Committees. The standing Committees include the Executive, Nominating, Compensation and Audit Committees. During the fiscal year ended June 30, 2013, the Board of Directors held 12 regular meetings and no special meetings. No member of the Board or any Committee thereof attended fewer than 75% of the aggregate of:

(i) the total number of meetings of the Board of Directors (held during the period for which he has been a Director); and (ii) the total number of meetings held by all Committees of the Board on which he served (during the periods that he served). Executive sessions of the independent Directors are held on a regularly scheduled basis. There were 12 such sessions during fiscal year 2013.

While the Company has no formal policy on Director attendance at annual meetings of stockholders, all Directors are encouraged to attend. All of the Company's Directors attended the 2012 Annual Meeting of Shareholders.

Executive Committee. The Executive Committee consists of the entire Board of Directors. The Executive Committee meets as necessary when the Board is not in session to exercise general control and supervision in all matters pertaining to the interests of the Company, subject at all times to the direction of the Board of Directors. The Executive Committee did not meet during the fiscal year ended June 30, 2013.

Compensation Committee. The Compensation Committee consists of Directors O'Grady, Jenkins, Slutzky and Smith. Each of the Committee members is considered "independent" as defined in the NASDAQ corporate governance listing standards. The Board of Directors has adopted a written charter for the Committee. The Committee reviews the Charter at least annually to ensure that the scope of the charter is consistent with the expected role. The Committee met six times during the fiscal year ended June 30, 2013. The role of the Compensation Committee is general responsibility for the oversight and administration for the Company's Compensation Program.

The functions of the Compensation Committee include the following:

- to recommend to the overall Board an executive compensation policy designed to support overall business strategies and objectives, balance risk and reward, be compatible with effective controls and risk management, support strong corporate governance, attract, retain and motivate key executives, align executive officer's interest with those of the Company's stockholders, and provide competitive compensation opportunities;
- to review and approve periodically a general compensation policy and salary structure for management and all other employees of the Company;
- to approve bonus, profit sharing, stock options, restricted stock awards and other incentive compensation;
- to review annually the job performance of and approve the base salary and all salary changes for the President and Chief Executive Officer;
- to review and recommend for approval to the Board new incentive plans, defined benefit and contribution plans or changes to the existing incentive plans;
- to engage independent consultants or outside legal consultants as necessary; and
- to provide for oversight and guidance as the Company undertakes appropriate planning for management succession.

Nominating Committee. The Nominating Committee consists of Directors O'Grady, Jenkins, and Slutzky. Each member of the Nominating Committee is considered "independent" as defined in the NASDAQ corporate governance

listing standards. The Board of Directors has adopted a written charter for the Committee, which is available at the Company's website at www.tbogc.com. The Committee met one time during the fiscal year ended June 30, 2013.

The functions of the Nominating Committee include the following:

- to lead the search for individuals qualified to become members of the Board and to select Director Nominees to be presented for stockholder approval;

- to review and monitor compliance with the requirements for Board independence;
- to review the Committee structure and make recommendations to the Board regarding Committee membership;
- to develop and recommend to the Board for its approval a set of corporate governance guidelines; and
- to develop and recommend to the Board for its approval a self-evaluation process for the Board and its Committees.

The Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are first considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service, or if the Committee or the Board decides not to re-nominate a member for re-election, or if the size of the Board is increased, the Committee would solicit suggestions for director candidates from all Board members. In addition, the Committee is authorized by its charter to engage a third party to assist in the identification of Director Nominees. The Nominating Committee would seek to identify a candidate who at a minimum satisfies the following criteria:

- has the highest personal and professional ethics and integrity and whose values are compatible with the Company's;
- has had experiences and achievements that have given him or her the ability to exercise and develop good business judgment;
- is willing to devote the necessary time to the work of the Board and its Committees, which includes being available for Board and Committee meetings;
- is familiar with the communities in which the Company operates and/or is actively engaged in community activities;
- is involved in other activities or interests that do not create a conflict with his or her responsibilities to the Company and its stockholders; and
- has the capacity and desire to represent the balanced, best interests of the stockholders of the Company as a group, and not primarily a special interest group or constituency.

Finally, the Nominating Committee will take into account whether a candidate satisfies the criteria for "independence" under the NASDAQ corporate governance listing standards, and if a nominee is sought for service on the Audit Committee, the financial and accounting expertise of a candidate, including whether the individual qualifies as an Audit Committee financial expert. When considering whether Directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight

responsibilities effectively, the Nominating Committee and the Board of Directors focused primarily on the information included in each of the Directors' individual biographies set forth above. The Nominating Committee and the Board of Directors do not have a diversity policy. In identifying nominees for Directors, however, consideration is given to the diversity of professional experience, education and backgrounds among the Directors so that a variety of points of view are represented in Board discussions and deliberations concerning the Company's business.

Procedures for the Recommendation of Director Nominees by Stockholders. The Nominating Committee has adopted procedures for the submission of Director Nominees by stockholders. If a determination is made that an additional candidate is needed for the Board, the Nominating Committee will consider candidates submitted by the Company's stockholders. Stockholders can submit qualified names of candidates for Director by writing to our Corporate Secretary, at P.O. Box 470, 302 Main Street, Catskill, New York 12414. The Corporate Secretary must

receive a submission not less than ninety (90) days prior to the date of the Company's proxy materials for the preceding year's annual meeting. The submission must include the following information:

- the name and address of the stockholder as they appear on the Company's books, and number of shares of the Company's common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
 - the name, address and contact information for the candidate, and the number of shares of common stock of the Company that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
 - a statement of the candidate's business and educational experience;
 - such other information regarding the candidate as would be required to be included in the proxy statement pursuant to SEC Rule 14A;
 - a statement detailing any relationship between the candidate and the Company;
 - a statement detailing any relationship between the candidate and any customer, supplier or competitor of the Company;
 - detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
 - a statement that the candidate is willing to be considered and willing to serve as a Director if nominated and elected.
- Submissions that are received and that meet the criteria outlined above are forwarded to the Chairman of the Nominating Committee for further review and consideration. A nomination submitted by a stockholder for presentation by the stockholder at an annual meeting of stockholders must comply with the procedural and informational requirements described in this Proxy Statement under the heading "Stockholder Proposals." No submissions for Board nominees were received by the Company for the Annual Meeting.

Stockholder Communications with the Board. A stockholder of the Company who wishes to communicate with the Board or with any individual Director may write to the Corporate Secretary of the Company, P.O. Box 470, 302 Main Street, Catskill, New York 12414, Attention: Board Administration. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, management will:

- forward the communication to the Director or Directors to whom it is addressed;
- attempt to handle the inquiry directly, for example where it is a request for information about the Company or a stock-related matter; or
- not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, management will present a summary of all communications received since the last meeting that were not forwarded and make those communications available to the Directors.

The Audit Committee. The Audit Committee consists of Directors Jenkins, O'Grady, and Slutzky. Each member of the Audit Committee is considered "independent" as defined in the NASDAQ corporate governance listing standards and under SEC Rule 10A-3. The Board of Directors previously determined that Arthur Place, a former Director of the Company, qualified as an "Audit Committee Financial Expert" as that term is defined by the rules and regulations of the

SEC. Mr. Place passed away in August 2013 and the Board has not yet made a

9

determination as to whether any of the other members of the audit committee qualifies as an audit committee financial expert. The duties and responsibilities of the Audit Committee include, among other things:

- retaining, overseeing and evaluating an independent registered public accounting firm to audit the Company's annual consolidated financial statements;
- in consultation with the independent registered public accounting firm and the internal auditor, reviewing the integrity of the Company's financial reporting processes, both internal and external;
- approving the scope of the external audit in advance;
- reviewing the consolidated financial statements and the audit report with management and the independent registered public accounting firm;
- considering whether the provision by the external auditors of services not related to the annual audit and quarterly reviews is consistent with maintaining the auditor's independence;
- reviewing earnings and financial releases and annual, quarterly and certain other reports and correspondence filed with the SEC;
- consulting with the internal audit staff and reviewing management's administration of the system of internal accounting controls;
- approving all engagements for audit and non-audit services by the independent registered public accounting firm; and
- reviewing the adequacy of the Audit Committee charter.

The Audit Committee met eight times during the fiscal year ended June 30, 2013. The Audit Committee reports to the Board on its activities and findings. The Board of Directors has adopted a written charter for the Audit Committee, which is available at the Company's website at www.tbogc.com.

Audit Committee Report

The following Audit Committee Report is provided in accordance with the rules and regulations of the SEC. Pursuant to such rules and regulations, this report shall not be deemed "soliciting material," filed with the SEC, subject to Regulation 14A or 14C of the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

Management has the primary responsibility for the Company's internal controls and financial reporting processes. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards prescribed by the Public Company Accounting Oversight Board (PCAOB) generally accepted in the United States of America and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

The Audit Committee has prepared the following report for inclusion in this Proxy Statement:

As part of its ongoing activities, the Audit Committee has:

- Reviewed and discussed with management the Company's audited consolidated financial statements for the fiscal year ended June 30, 2013;
-

Discussed with the independent registered public accounting firm the matters required to be discussed by Statement of Auditing Standards AU Section, 380, Communication With Audit Committees; and

Received the written disclosures and the letter from the independent registered public accounting firm required by Public Company Accounting Oversight Board Rule 3526, Communication with Audit Committees Concerning Independence, and has discussed with the independent registered public accounting firm their independence. In addition, the Audit Committee approved the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2014, subject to the ratification of the appointment by the stockholders.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013.

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference.

This report has been provided by the Audit Committee:

Paul Slutzky

David H. Jenkins, DVM

Dennis R. O'Grady

Code of Ethics

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.

Executive Compensation

The Company's philosophy is to align executive compensation with the interests of its stockholders and to determine appropriate compensation levels that will enable it to meet the following objectives:

- To attract, retain and motivate an experienced, competent executive management team;
- To reward the executive management team for the enhancement of shareholder value based on annual earnings performance and the market price of the Company's stock;

- To provide compensation rewards that are adequately balanced between short-term and long-term performance goals;
- To encourage ownership of the Company's common stock through stock-based compensation to all levels of management; and
- To maintain compensation levels that are competitive with other financial institutions and particularly those in the Company's peer group based on asset size and market area.

The Company considers a number of factors in its decisions regarding executive compensation, including, but not limited to, the level of responsibility and performance of the individual executive officers, the overall performance of the Company and a peer group analysis of compensation paid at institutions of comparable size and complexity. The Company also considers the recommendations of the Chief Executive Officer with respect to the compensation of executive officers other than the Chief Executive Officer. The Board of Directors and the Chief Executive Officer review the same information in connection with this recommendation.

The base salary levels for the Company's executive officers are set to reflect the duties and levels of responsibilities inherent in the position and to reflect competitive conditions in the banking business in the

Company's market area. Comparative salaries paid by other financial institutions are considered in establishing the salary for the given executive officer.

During fiscal year 2013, the Compensation Committee of the Board of Directors engaged Arthur Warren Associates, a compensation consultant, to advise the Compensation Committee on executive officer and Director compensation.

The Compensation Committee frequently engages independent compensation consultants to assist it in the compensation process for the Named Executive Officers. The consultants are retained by and report to the Compensation Committee. The consultants provide expertise and information about competitive trends in the employment marketplace, including established and emerging compensation practices at other similarly situated companies. The consultants also provide survey data and assist in assembling relevant comparison groups for various purposes and establishing benchmarks for base salary, benefits, perquisites and incentives based on a number of factors. The Compensation Committee utilized the services of Arthur Warren Associates, an independent compensation advisory firm. During fiscal 2013, Arthur Warren Associates also assisted the Compensation Committee in the review of base salary, short-term incentives, long term phantom and equity incentive plan design trends, particularly among the Bank's peer group, as determined through industry surveys and published proxy statements. The Compensation Committee also used the consultant's assistance in setting parameters for incentive awards consistent with peer group awards in the Bank's competitive market place. The Compensation Committee also relied on other survey sources including FinPro Custom Peer Group Survey Data, Pearl Meyer & Partners 2012 New York Bankers Association Banking Compensation Survey, Pearl Meyer & Partners 2012 Northeast Bankers Survey, and Economic Research Institute (ERI) Survey.

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The following table sets forth for the years ended June 30, 2013, 2012 and 2011 certain information as to the total remuneration paid by us to Mr. Gibson, who serves as President and Chief Executive Officer, and the two other most highly compensated executive officers of the Company and The Bank of Greene County other than Mr. Gibson (the “Named Executive Officers”).

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$) ⁽¹⁾	Total (\$)
Donald E. Gibson Chief Executive Officer & President	2013	309,300	123,700	---	---	---	---	61,400	494,400
	2012	284,400	125,000	---	---	---	---	111,200	520,600
	2011	247,300	39,000	---	---	---	---	60,400	346,700
Michelle M. Plummer, CPA Executive Vice President, Chief Operating Officer & Chief Financial Officer	2013	199,800	85,500	---	---	---	---	34,200	319,500
	2012	197,000	90,000	---	---	---	---	52,800	339,800
	2011	179,000	32,500	---	---	---	---	42,800	254,300
Stephen E. Nelson Executive Vice President & Chief Lending Officer	2013	174,700	72,000	---	---	---	---	31,900	278,600
	2012	165,900	75,000	---	---	---	---	40,200	281,100
	2011	149,100	25,000	---	---	---	---	23,900	198,000

⁽¹⁾Includes employer matching contributions of \$12,000; \$9,000; and \$7,900 allocated in fiscal 2013 to the accounts of Mr. Gibson, Ms. Plummer and Mr. Nelson, respectively, under The Bank of Greene County 401(k) Plan. The fair market value at June 30, 2013 of the shares of common stock and cash allocated pursuant to the employee stock ownership plan in fiscal 2013, representing \$9,500; \$9,400; and \$8,700 for each of Mr. Gibson, Ms. Plummer and Mr. Nelson, respectively. During fiscal 2013, The Bank made contributions to a Supplemental Executive Retirement Plan (“SERP”) of \$30,000; \$15,000; and \$7,500 for each Mr. Gibson, Ms. Plummer and Mr. Nelson, respectively. The Bank also provides each qualifying employee, including Mr. Gibson, life insurance equal to one times the employee’s salary with a maximum benefit of \$50,000. The Bank also provides each qualifying employee with short-term and long-term disability coverage, medical and dental coverage for the employee and his or her spouse and dependents. The Bank will contribute 75% toward the cost of the premium for the medical coverage up to \$9,000 per year. The Bank contributed \$9,000 and \$6,700 for each Mr. Gibson and Mr. Nelson, respectively for medical coverage. Ms. Plummer did not participate in the Bank’s medical insurance plan.

Salary for the Named Executive Officers is paid pursuant to Employment Agreements, which are discussed below under “—Employment Agreements.”

Employment Agreements. Donald E. Gibson, Michelle M. Plummer and Stephen E. Nelson have each entered into an employment agreement with the Bank. Mr. Gibson and Ms. Plummer's employment agreements are substantially identical and were effective July 1, 2007. Mr. Nelson's agreement was effective July 1, 2008. As of July 1, 2012, Mr. Gibson's employment agreement provides for a base salary of \$310,000, Ms. Plummer's employment agreement provides for a base salary of \$200,000 and Mr. Nelson's employment agreement provides for a base salary of \$175,000. Mr. Gibson and Ms. Plummer's agreements have a term of 36 months from July 1, 2007 and Mr. Nelson's agreement has a term of 24 months from July 1, 2008. Mr. Gibson's and Ms. Plummer's agreements renew each July 1st for an additional year such that the remaining term shall be 36 full calendar months. Mr. Nelson's agreement renews each July 1st for an additional year such that the remaining term shall be 24 full calendar months. Each agreement shall renew for an additional year unless written notice is provided to the executive at least ten days and not more than 60 days prior to any such anniversary date that his or her employment shall cease at the end of 36 months (24 months for Mr. Nelson) following such anniversary date. Prior to each notice period for non renewal, the disinterested members of the Board of Directors (and the entire Board of Directors for Mr. Nelson) of the Bank will conduct a comprehensive performance evaluation and review of the executive for purposes of determining whether to extend the agreement.

Under each agreement, the executive's base salary will be reviewed annually, and the base salary may be increased but not decreased. In addition to the base salary, the executive will be provided all such other benefits as are provided uniformly to permanent full time employees of the Bank. In addition, the Bank will provide the executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which the executive was participating or otherwise deriving benefit. The executive will be entitled to participate in or receive benefits under any employee benefit plans, including but not limited to, retirement plans, supplemental retirement plans, pension plans, profit sharing plans, health and accident plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank in the future to its senior executives and key management employees.

Each agreement provides for termination by the Bank for cause at any time. If the agreement is terminated for cause, the executive will not receive any compensation or other benefits from the Bank or the Company.

Under Mr. Gibson's and Ms. Plummer's agreements, if the executive's employment is terminated for any reason other than for cause, death, disability or retirement, including resignation upon, among other things, failure to reappoint the executive to his or her office, a material diminution of the executive's duties or a breach of the agreement by the Bank, or if the executive voluntarily resigns his or her employment on or after a change in control of the Company or the Bank during the term of the agreement, then the Bank is obligated to pay to the executive a lump sum equal to three times the sum of the then current base salary and the highest rate of bonus awarded to the executive during the prior three years. If such amount is determined to constitute an "excess parachute payment," the amount would be reduced so as not to trigger an excess parachute payment.

Under Mr. Nelson's agreement, if the executive's employment is terminated for any reason other than for cause, death, disability or retirement, including resignation upon, among other things, failure to reappoint the executive to his or her office, a material diminution of the executive's duties or a breach of the agreement by the Bank, then the Bank is obligated to pay to the executive a lump sum equal to one times the executive's then current base salary. If such amount is determined to constitute an "excess parachute payment," the amount would be reduced so as not to trigger an excess parachute payment.

In the event of Mr. Gibson's or Ms. Plummer's disability for a period of six months, the Bank may terminate the agreement, provided that the Bank will be obligated to pay the executive his or her base salary for the remaining term of the agreement or one year, whichever is longer (provided such payments are reduced to the extent of any disability insurance payments). In the event of Mr. Gibson's or Ms. Plummer's death during the term of the agreement, the Bank will pay his or her base salary to the named beneficiaries for one year following the date of death. Mr. Nelson's agreement does not provide any disability or death benefits. In the event an executive retires, he or she will be entitled to any vested benefits under any retirement plan of the Bank.

Each agreement provides that, following the termination of the executive's employment as a result of which the Bank is paying the executive termination benefits (other than termination upon a change in control), the executive will not compete with the Bank for a period of one year in any city or county in which the Bank has an office or has filed an application for regulatory approval to establish an office.

Supplemental Executive Retirement Plan. The Bank adopted The Bank of Greene County Supplemental Executive Retirement Plan (the "SERP"), effective as of July 1, 2010. The SERP benefits certain key senior executives of the Bank who are selected by the Board to participate, including our Named Executive Officers, Donald E. Gibson, Michelle M. Plummer, and Stephen E. Nelson. The SERP is intended to provide a benefit from the Bank upon retirement, death, disability or voluntary or involuntary termination of service (other than "for cause"). Accordingly, the SERP obligates the Bank to make a contribution 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, subject to the requirements of Section 409A of the Internal Revenue 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. 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 executive is entitled to a benefit from the SERP due to retirement or other termination of employment, the benefit will be paid in 10 annual installments.

During fiscal year 2013, The Bank made contributions to the SERP of \$30,000, \$15,000 and \$7,500 for Mr. Gibson, Ms. Plummer and Mr. Nelson, respectively. Included in these amounts were no additional discretionary contributions.

Defined Contribution Plan. The Bank sponsors a 401(k) Plan for eligible employees that permits the investment of 401(k) Plan assets in common stock of the Company. Employees are eligible to join the 401(k) Plan on the first of the month following completion of three months of continuous employment (during which 250 hours are completed). The first year eligibility period runs from the date of hire to the anniversary of such date. If an employee does not satisfy the eligibility requirements during such period then the next eligibility period shall be the calendar year. Employees are eligible to contribute, on a pre-tax basis, up to 25% of their eligible salary, in increments of 1%. The Bank matches employee contributions dollar for dollar for the first 3% and then 50% of the employee contribution up to the next 3%. In addition, the Bank may make an additional discretionary contribution allocated among members' accounts on the basis of compensation. All employee contributions and earnings thereon under the 401(k) Plan are at all times fully vested. A member vests in employer matching and discretionary contributions based on two year cliff vesting in order to take advantage of certain safe harbor provisions. Employees are entitled to borrow, within tax law limits, from amounts allocated to their accounts.

401(k) Plan benefits will be paid to each member in a lump sum or in equal payments over a fixed period or in shares of employer stock upon termination, disability or death. In addition, the 401(k) Plan permits employees to withdraw salary reduction contributions prior to age 59-1/2 or termination in the event the employee suffers a financial hardship. In certain circumstances, the 401(k) Plan permits employees to withdraw the Bank's matching contributions to their accounts. The 401(k) Plan permits employees to direct the investment of their own accounts into various investment options.

At December 31, 2012, the market value of the 401(k) Plan trust fund was approximately \$6.4 million. The total contribution (i.e., both the employee and Bank contributions) to the 401(k) Plan for the plan year ended December 31, 2012, was approximately \$591,500.

Defined Benefit Pension Plan. Prior to April 2009, the Bank had participated in the Financial Institutions Retirement Fund, which is a qualified, tax-exempt multi-employer defined benefit plan (the "Retirement Plan"). Effective April 2009, the Bank ceased its participation within the multi-employer plan and transferred the assets to a single-employer defined benefit pension plan (the "Retirement Plan"). Benefits continue to be frozen at July 1, 2006 levels. During fiscal 2006, the Board of Directors approved changes to the Retirement Plan. Effective January 1, 2006, the Board of Directors of the Bank resolved to exclude from membership in the Retirement Plan employees hired on or after January 1, 2006 and elected to cease additional benefit accruals to existing Retirement Plan participants effective July 1, 2006. All employees age 21 or older who have worked at the Bank for a period of one year in which they have 1,000 or more hours of service were eligible for membership in the Retirement Plan. Once eligible, an employee must have been credited with 1,000 or more hours of service with the Bank during the year in order to accrue benefits under the Retirement Plan. Historically, the Bank annually contributes an amount to the

Retirement Plan necessary to supplement full funding requirements in accordance with the Employee Retirement Income Security Act ("ERISA").

The regular form of all retirement benefits (i.e., normal, early or disability) is a life annuity with a guaranteed term of 10 years. For a married participant, the normal form of benefit is a joint and survivor annuity where, upon the participant's death, the participant's spouse is entitled to receive a benefit equal to the computed value of such unpaid installments paid in lump sum. Either the member or beneficiary may elect to have this benefit paid in the form of installments. Where death occurs prior to a member's benefit commencement, in no event shall the death benefit be less than the amount payable under the lump sum settlement options. An optional form of benefit may be selected instead of the normal form of benefits. These optional forms include various annuity forms as well as a lump sum payment after age 55. Benefits payable upon death may be made in a lump sum, installments over 10 years, or a lifetime annuity.

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