GRAND CENTRAL FINANCIAL CORP
Form 10QSB
August 14, 2002

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark one)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to______________

Commission File Number 0-25045

GRAND CENTRAL FINANCIAL CORP.
(Exact name of small business issuer as specified in its charter)

Delaware	34-1877137
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

601 Main Street, Wellsville, Ohio 43968
(Address of principal executive offices)

(330) 532-1517
(Issuer's telephone number)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class:	Outstanding at July 31, 2002
Common stock, $0.01 par value	1,683,396 shares

Transitional Small Business Disclosure Format (check one) Yes [ ] No[X]

GRAND CENTRAL FINANCIAL CORP.
FORM 10-QSB
QUARTER ENDED JUNE 30, 2002
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GRAND CENTRAL FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

		June 30, 2002		D
ASSETS				
Cash and amounts due from depository institutions	$	15,121	$	
Interest-bearing deposits in other banks		2		
Total cash and cash equivalents		15,123		
Time deposits with other banks		7,104		
Securities available for sale		1,749		
Securities held to maturity (estimated fair value of $23,039 in 2002 and $31,777 in 2001)		22,829		
Loans held for sale		468		
Loans, net		63,047		
Federal Home Loan Bank stock, at cost		3,405		
Premises and equipment, net		880		
Accrued interest receivable		463		
Other assets		876		
Total assets	$	115,944	$	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Non interest-bearing	$	507	$	
Interest-bearing		77,712		
Total deposits		78,219		
Federal Home Loan Bank advances		11,898		
Loan payable		6,800		
Advance payments by borrowers for taxes and insurance		604		
Accrued interest payable		69		
Other liabilities		631		
Total liabilities		98,221		
Commitments and Contingencies				
Preferred stock, authorized 1,000,000 shares, no shares issued and outstanding				
Common stock, $.01 par value, 6,000,000 shares authorized, 1,938,871 shares issued		19		
Additional paid-in capital		8,306		
Retained earnings, substantially restricted		14,003		
Unearned stock based incentive plan shares		(211)		
Treasury stock, 255,565 and 196,540 shares, at cost		(2,877)		
Unearned Employee Stock Ownership Plan shares		(1,536)		
Accumulated other comprehensive income		19		
Total shareholders' equity		17,723		
Total liabilities and shareholders' equity	$	115,944	$	

See accompanying notes to consolidated financial statements.

GRAND CENTRAL FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amount)

	Three months ended June 30, 2002	Three months ended June 30, 2001	Six mont June 2002
INTEREST INCOME			
Loans, including fees	$ 1,280	$ 1,750	$ 2,745
Interest on securities	444	690	897
Interest-bearing deposits in banks	43	81	66
Total interest income	1,767	2,521	3,708
INTEREST EXPENSE			
Deposits	662	833	1,350
FHLB borrowings	165	432	341
Loan payable	82	143	163
Total interest expense	909	1,408	1,854
NET INTEREST INCOME	858	1,113	1,854
Provision for loan losses	-	-	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	858	1,113	1,854
NON-INTEREST INCOME			
Service charges	25	32	48
Gain on sale of loans	69	15	172
Gain on sale of securities	-	4	10
Other income	10	20	19
Total non-interest income	104	71	249
NON-INTEREST EXPENSE			
Salaries and employee benefits	461	461	902
Net occupancy expense	62	66	125
Data processing expense	32	36	66
FDIC assessments	3	3	7
Franchise taxes	73	76	152
Other expenses	128	404	310

Total non-interest expense	759	1,046	1,562
Income before income taxes	203	138	541
Income tax expense	63	47	192
Net income	$ 140	$ 91	$ 349
Earnings per share			
Basic	$ .09	$ .06	$ .22
Diluted	$ .09	$ .06	$ .22

See accompanying notes to consolidated financial statements.

GRAND CENTRAL FINANCIAL CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except per share amount)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unearned Employee Stock Ownership Plan Shares
BALANCES AT JANUARY 1, 2002	$ 19	$ 8,310	$ 13,962	$ (1,651)
Commitment to release ESOP shares		(4)		115
Release of incentive shares				
Cash dividends			(308)	
Purchase of treasury stock				
Comprehensive income:				
Net income, for six months ended June 30, 2002			349	
Change in unrealized gain on securities available-for-sale, net of tax				
Total comprehensive income				
BALANCES AT JUNE 30, 2002	$ 19	$ 8,306	$ 14,003	$ (1,536)

	Unearned Stock Based Incentive Plan Shares	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders Equity
BALANCES AT JANUARY 1, 2002	$ (270)	$ (2,226)	$ 16	$ 18,160
Commitment to release ESOP shares				111
Release of incentive shares	59			59
Cash dividends				(308)
Purchase of treasury stock		(651)		(651)
Comprehensive income:				
Net income, for six months ended June 30, 2002				349
Change in unrealized gain on securities available-for-sale, net of tax			3	3
Total comprehensive income				352
BALANCES AT JUNE 30, 2002	$ (211)	$ (2,877)	$ 19	$ 17,723

See accompanying notes to consolidated financial statements.

GRAND CENTRAL FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Mont June 2002
NET INCOME	$ 140	$ 91	$ 349
Other comprehensive income, net of tax			
Unrealized gain (loss) on securities available for sale arising during the period	5	(1)	(4)

Less: Reclassification adjustment for accumulated gains included in net income	-	3	7
Unrealized gains (losses) on securities	5	(4)	3
COMPREHENSIVE INCOME	$ 145	$ 87	$ 352

See accompanying notes to consolidated financial statements.

GRAND CENTRAL FINANCIAL CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended June 30, 2002	2001
NET CASH FROM OPERATING ACTIVITIES	$ 8,169	$ (1,179)
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities available for sale		
Purchases	(228)	(75)

Proceeds from sales	166	79
Proceeds from maturities and payments	421	649
Securities held to maturity		
Purchases	(12,534)	-
Proceeds from maturities and payments	13,054	3,738
Change in time deposits with other banks	(98)	250
Net purchased of premises and equipment	(88)	-
Net change in loans	7,483	4,715
Net cash from investing activities	8,176	9,356
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	2,051	1,970
Net change in escrow accounts	1	(130)
Payment of loan payable	(200)	(250)
Cash dividends	(308)	(245)
Purchase of treasury stock	(651)	-
Proceeds from long-term FHLB advances	-	15,310
Repayment of long-term FHLB advances	(6,495)	(23,235)
Net cash from financing activities	(5,602)	(6,580)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,743	1,597
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,380	2,930
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15,123	$ 4,527

See accompanying notes to consolidated financial statements.

GRAND CENTRAL FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise indicated, amounts in thousand.

Basis of Presentation: The accompanying consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission (the "SEC") and in compliance with accounting principles generally accepted in the United States of America. Because this report is based on an interim period, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

In the opinion of the Management of the Grand Central Financial Corp. (the "Company"), the accompanying consolidated financial statements for the six months and three months ended June 30, 2002 and 2001 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial condition and the results of operations for those periods. The financial performance reported for the Company for the six months and three months ended June 30, 2002 are not necessarily indicative of the results to be expected for the full year. This information should be read in conjunction with the Company's Annual Report to Shareholders and Form 10-KSB for the period ended December 31, 2001.

Earnings Per Share: Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. ESOP shares are considered outstanding for this calculation unless unearned. Stock-based incentive plan shares are considered outstanding as they become vested. Diluted earnings per common share include the dilutive effect of stock-based incentive plan shares and the additional potential common shares issuable under stock options. The basic weighted average numbers of shares were 1,554,870 and 1,531,316 and the diluted weighted average numbers of shares were 1,587,552 and 1,571,495 for the six months ended June 30, 2002 and 2001, respectively. The basic weighted average numbers of shares were 1,535,209 and 1,532,356 and the diluted weighted average numbers of shares were 1,568,898 and 1,546,281 for the three months ended June 30, 2002 and 2001, respectively.

GRAND CENTRAL FINANCIAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions which are not subject to certain risks and uncertainties for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of these safe harbor provisions. When used herein, the terms "anticipates", "plans", "expects", "believes", and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. The Company's actual results, performance or achievements may materially differ from those expressed or implied in the forward-looking statements. Risks and uncertainties that could cause or contribute to such material differences include, but are not limited to, general economic conditions, interest rate environment, competitive conditions in the financial services industry, changes in law, governmental policies and regulations, and rapidly changing technology affecting financial services.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included in the Company's filings with the SEC.

The Company does not undertake - and specifically disclaims any obligation - to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

GRAND CENTRAL FINANCIAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OR PLAN OF OPERATION

GENERAL

The Company is the holding company for its wholly-owned subsidiary, Central Federal Savings and Loan Association of Wellsville (the "Association"), and all material business of the Company is transacted through the Association. The Company's results of operations are dependent primarily on net interest income, which is the difference ("spread") between the interest income earned on its loans, mortgage-backed securities, and securities portfolio and its cost of funds, consisting of interest paid on its deposits and borrowed funds. The interest rate spread is affected by regulatory, economic and competitive factors that influence interest rates, loan demand and deposit flows. The Company's net income is also affected by, among other things, loan fee income, provisions for loan losses, service charges, operating expenses and franchise and income taxes. The Company's revenues are derived primarily from interest on mortgage loans, consumer loans, mortgage-backed securities and securities, as well as income from service charges and loan originations. The Company's operating expenses principally consist of employee compensation and benefits, occupancy, federal deposit-insurance premiums and other general and administrative expenses. The Company's results of operations are also significantly affected by general economic and competitive conditions, particularly changes in market interest rates, government policies and actions of regulatory authorities. Future changes in applicable law, regulations or government policies may materially impact the Company.

MANAGEMENT STRATEGY

The Company is a community-oriented financial institution offering a variety of financial services to meet the needs of the communities it serves. The Company attracts deposits from the general public and uses such deposits, together with borrowings and other funds, to originate one-to four-family residential mortgage loans and short-term consumer loans. To a lesser extent, the Company also originates residential construction loans in its market area and a limited amount of commercial business loans and loans secured by multi-family and non-residential real estate. Management's efforts to increase the Company's volume of shorter-term consumer loans have been intended to help reduce interest rate risk, as well as to build on the Company's residential mortgage business. The Company's deposits are insured up to the maximum allowable amount by the Savings Association Insurance Fund (the "SAIF"), and administered by the Federal Deposit Insurance Corporation (the "FDIC"). The Company also invests in mortgage-backed securities, most of which are insured or guaranteed by federal agencies, as well as securities issued by the U.S. government or agencies thereof.

The Company is not aware of any market or institutional trends, events or uncertainties that are expected to have a material effect on liquidity, capital resources or operations, except as discussed below. The Company is also not aware of any current recommendations by its regulators which would have a material effect if implemented, except as discussed below.

The following discussion compares the financial conditions of the Company and the Association,

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at June 30, 2002 to December 31, 2001 and the results of operations for the three months ended June 30, 2002 and 2001 and the six months ended June 30, 2002 and 2001. This discussion should be read in conjunction with the interim financial statements and footnotes included herein.

COMPARISON OF FINANCIAL CONDITION AT JUNE 30, 2002 AND DECEMBER 31, 2001

Total assets of the Company were $115.9 million at June 30, 2002 compared to $120.9 million at December 31, 2001, representing a decrease of $5.0 million, or 4.1%. The primary component in the decrease in total assets were a $7.5 million decrease in loans, net, and a $7.8 million decrease in loans held for sale, which were partially offset by an increase in cash and cash equivalents of $10.7 million or 245.3%. The decrease in loans was primarily due to refinancing activity during the quarter. Interest rates for long-term, fixed rates continue to stay near 40 year lows. Management decided to sell the new loans rather than hold them in its portfolio. The Company also had a $4.8 million, or 26.9% decline in consumer loans, which are mostly automobile loans' due to local competition from dealers offering special rebates and financing programs. The Company currently grants loans for both new and used automobile purchases. The weighted average rate earned on new and used automobiles was 7.2% at June 30, 2002. Maturities for new and used automobile financing range from 24 months to 66 months. The Company does not originate sub prime automobile loans. Cash and cash equivalents increased due to the Company having excess funds from the sale of loans and through the increase in deposits.

The Company reduced advances from the Federal Home Loan Bank of Cincinnati (the "FHLB") by $6.5 million or 35.3% from year-end 2001. The Company had used the advances to fund loan growth, but, based on the current lending environment, the advances are no longer needed. Management would consider using advances, if needed, in the future.

COMPARISON OF RESULTS OF OPERATIONS FOR THE SIX MONTHS AND THREE MONTHS ENDED

JUNE 30, 2002 AND JUNE 30, 2001

General. Net income for the three months ended June 30, 2002 increased by $49,000 or 53.8% from $91,000 for the three months ended June 30, 2001 to $140,000 for the three months ended June 30, 2002. Net income increased $78,000 or 28.8% for the six months ended June 30, 2002 compared to the six months ended June 30, 2001. The increases were mainly due to gain on sale of loans and securities. See the non-interest income section for an explanation about the gains.

Net Interest Income. Net interest income is the largest component of the Company's net income, and consists of the difference between interest income generated on interest-earning assets and interest expense incurred on interest-bearing liabilities. Net interest income is primarily affected by the volumes, interest rates and composition of interest-earning assets and interest-bearing liabilities.

Net interest income decreased approximately $291,000, or 13.6% and $255,000 or 22.9%, for the six months and three months ended June 30, 2002, respectively. The primary reason for the decrease in net interest income was the $1.4 million, or 26.9% decrease in interest income for the six months ended June 30, 2002 and the decrease of $754,000 or 29.9% for the three months ended June 30, 2002 compared to the 2001 periods. As mentioned earlier, rates for one-to-four family mortgages have been at historic lows over the past twelve months resulting in high refinancing activity. Due to refinancing, the Company has a smaller portfolio at a lower earning rate, resulting in lower interest income. The Company experienced similar circumstances with automobile loans. Management is in the

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process of reviewing the portfolios with the current market and has introduced new adjustable rate products to stimulate loan growth.

The Company also earned less interest from its securities portfolio during the six months and three months ended June 20, 2002, sustaining a decrease of $541,000 and $246,000 or 37.6% and 35.7% when compared to the 2001 periods. Most of the Company's investments are in mortgage-backed instruments, which experienced rate reductions and prepayments similar to those on one-to-four family mortgages.

The decrease in interest income was offset substantially by the decrease in interest expense. Interest expense for the six months ended June 20, 2002 decreased $1.1 million or 36.6% when compared to the first six months of 2001 and decreased $499,000 or 35.4% for the three months ended June 30, 2002 when compared to the three months ended June 30, 2001. The decreases were due to the declining interest rate environment during 2001 and 2002. The Company was able to decrease its expense while increasing overall deposits. Due to economic events during 2001, consumers moved money from the stock market back and into bank deposits. The Company also was able to reduce its advances with the FHLB with the funds received from loan and security pay downs and deposit growth. The

Company reduced interest expense for FHLB advances by $651,000 for the six months ended June 30, 2002 and $267,000 in the three months ended June 30, 2002 or 65.6% and 61.8%, respectively, when compared to the prior periods.

Provision for Loan Losses. The provision for loan losses is based on management's regular review of the loan portfolio, when it considers factors such as past experience, prevailing general economic conditions and considerations applicable to specific loans, such as the ability of the borrower to repay the loan and the estimated value of the underlying collateral, as well as changes in the size and growth of the loan portfolio.

No provision for loan losses was recorded during the six months and three months ended June 30, 2002 or 2001. At June 30, 2002, the allowance for loan losses represented .56% of total loans compared to .47% at December 31, 2001. Management believes the allowance for loan losses is adequate to absorb probable losses; however, future additions to the allowance may be necessary based on changes in economic conditions.

Non-interest Income. The Company experienced a $113,000, or 83.1%, increase in non-interest income for the six months ended June 30, 2002 compared to the 2001 period. For the three months ended June 30, 2002, non-interest income increased $33,000 or 46.5% over the comparable period in 2001. Gain on sale of loans for the six months ended June 30, 2002 increased $153,000 from $19,000 in the 2001 period to $177,000 in 2002. The Company sold $14.7 million of loans that were held for sale at December 31, 2001 along with loans originated during the first six months of 2002. Management decided to sell the low rate, long-term assets instead of holding them in the portfolio. Management has sold loans in the past and will continue to do so depending on the market environment.

Non-interest Expense. Non-interest expense decreased $308,000, or 16.5% and $287,000 or 27.6%, for the six months and three months ended June 30, 2002 compared to the 2001 periods. Occupancy expense decreased in both 2002 periods from the 2001 periods. The decrease in occupancy expense is directly related to cost savings achieved based on management's decision to close a

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branch during 2001. However, since management has completed consolidating branches, management anticipates no further reductions in occupancy expense in the future.

Income Taxes. The provision for income taxes totaled $63,000 and $192,000 for the three months and six months ended June 30, 2002 compared to $47,000 and $140,000 for the three months and six months ended June 30, 2001, due to the increase in income before taxes.

GRAND CENTRAL FINANCIAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OR PLAN OF OPERATION

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are the Association's deposits, principal and interest payments on loans, mortgage-backed and investment securities and borrowings from the FHLB-Cincinnati. The Company uses the funds generated to support its lending and investment activities as well as any other demands for liquidity such as deposit outflows. While maturities and scheduled amortization of loans are predictable sources of funds, deposit flows, mortgage prepayments and the exercise of call features are greatly influenced by general interest rates, economic conditions and competition. At June 30, 2002, the Company's liquidity ratio was 31.1%.

At June 30, 2002, the Company exceeded all of its regulatory capital requirements with a Tier 2 capital level of $23.0 million, or 19.9%, of total adjusted assets, which exceeds the required level of $14.5 million, or 8.0%; Tier 1 of $22.9 million, or 16.76%, of adjusted total assets, which exceeds the required level of $2.3 million, or 4.0%; and risk-based capital of $22.9 million, or 41.2% of risk-weighted assets, which exceeds the required level of $5.2 million, or 8.0%.

The Company's most liquid assets are cash and cash equivalents. The levels of those assets are dependent on the Company's operating, financing, lending and investing activities during any given period. At June 30, 2002, cash and cash equivalents totaled $15.1 million, or 13.0% of total assets.

The Company has other sources of liquidity if a need for additional funds arises, including FHLB advances. At June 30, 2002, the Company had unused borrowing capacity from the FHLB of $56.2 million. Depending on market conditions, the pricing of deposit products and FHLB advances, the Company may use FHLB borrowing to fund asset growth.

The Company relies primarily on competitive rates, customer service and long-standing relationships with customers to retain deposits. Based on the Company's experience with deposit retention and current retention strategies, management believes that, although it is not possible to predict future terms and conditions upon renewal, a significant portion of such deposits will remain with the Company.

The Company approved the return of capital of $6.00 per share in March 2000 due to the excess capital raised during the initial public offering. During 1999, the Company reevaluated its branching strategy and determined to close certain under performing, in-store branch locations. As a result of that analysis, the Company reevaluated its current and anticipated future capital needs and determined that it was in the best interest of the Company and its shareholders to reduce the level of capital in the Company.

The Company has completed its restructuring/rightsizing plans and evaluated all of its branch operations. Based on those evaluations, management does not anticipate closing any

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additional branch locations in the future. During the six months ended June 30, 2002, management took advantage of higher liquidity to repay short term Federal Home Loan Bank (FHLB) advances. All advances that could be repaid without penalty have been repaid; and management does not intend any further reduction to this type of funding other than through normal contractual repayment of the advances. Since management has no further plans to close branch locations or reduce the level of FHLB advances, other than through normal repayments, management does not anticipate any impact on the results of operations, liquidity or capital resources as a result of restructuring/rightsizing plans. The Company will continue to realize a benefit from reducing staffing and occupancy costs in 2002 compared to 2001 due to the branch closed during 2001.

GRAND CENTRAL FINANCIAL CORP.
FORM 10-QSB
Quarter ended June 30, 2002
PART II - OTHER INFORMATION

Item 1. Legal Proceedings.
None

Item 2. Changes in Securities and Use of Proceeds.
None

Item 3. Defaults Upon Senior Securities.
None

Item 4. Submission of Matters to a Vote of Security Holders.

Grand Central Financial Corp. held its Annual Meeting of Shareholders on April 24, 2002. Results of shareholder voting were as follows:

a) Election of Director for a three year term:

	Gerry W. Grace
For	1,460,433
Abstain	2,530
Against	-

b) Ratification of independent auditor for the fiscal year ending December 31, 2002

	Crowe, Chizek and Company, LLP
For	1,460,373
Abstain	1,530
Against	1,060

The following directors' terms of office as a director continued after the meeting.

(i) Jeffrey W. Aldrich
(ii) Thomas P. Ash
(iii) Williams R. Williams

Item 5. Other Information.
None

GRAND CENTRAL FINANCIAL CORP.
FORM 10-QSB
Quarter ended June 30, 2002
PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a)

Exhibit Number	Exhibit
3.1	Certificate of Incorporation*
3.2	Bylaws*
4.0	Form of Common Stock Certificate*
11.1	Statement Re: Computation of earnings per common share
99.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference into this document from the Exhibits filed with the Registration Statement on Form SB-2 and any amendments thereto, Registration No. 333-64089.

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the period, as restated for shares issued in business combinations accounted for as pooling-of-interests, stock splits and stock dividends. Diluted earnings per share is computed using the weighted average number of shares determined for the basic computation plus the number of shares of common stock that would be issued assuming all contingently issuable shares having a dilutive effect on earnings per share were outstanding for the period.

The weighted average number of common shares outstanding for basic and diluted earnings per share computations were as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2002	2001	2002	2001
Numerator:				
Net income	$ 349	$ 271	$ 140	$ 91

Denominator:				
Weighted-average common shares outstanding (basic)	1,554,870	1,531,316	1,535,209	1,532,356
Exercise of options	32,682	40,179	33,689	13,925
Weighted-average common shares outstanding (diluted)	1,587,552	1,571,495	1,568,898	1,546,281

GRAND CENTRAL FINANCIAL CORP.
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Quarter ended June 30, 2002
PART II - OTHER INFORMATION

Earnings per share:				
Basic	$ .22	$ .18	$ .09	$ .06
Diluted	$ .22	$ .17	$ .09	$ .06

(b) Reports on Form 8-K - on June 26, 2002, the issuer filed a Form 8-K. The information reported is as follows:

Grand Central Financial Corp. (the "Company"), reported the declaration of a cash dividend payable July 22, 2002 to stockholders of record at the close of business on July 8, 2002.

GRAND CENTRAL FINANCIAL CORP.
FORM 10-QSB
Quarter ended June 30, 2002
PART II - OTHER INFORMATION

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GRAND CENTRAL FINANCIAL CORP.

Dated: August 14, 2002

By: /s/ William R. Williams

William R. Williams
President and Chief Executive Officer
(principal executive officer)

Dated: August 14, 2002

By: /s/ John A. Rife

John A. Rife
Executive Vice President and Treasurer
(principal accounting and financial officer)
