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TRUSTCO BANK CORP N Y
Form 8-K
April 18, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 18, 2006
(April 18, 2006)

TrustCo Bank Corp NY
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation)

0-10592
(Commission File Number)

14-1630287
(IRS Employer Identification No.)

5 Sarnowski Drive, Glenville, New York 12302
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (518) 377-3311

TrustCo Bank Corp NY

Item 2.02. Results of Operations and Financial Condition

On April 18, 2006, TrustCo Bank Corp NY ("TrustCo") issued a press release with first quarter results for the period ending March 31, 2006. Attached is a copy of the press release labeled as Exhibit 99(a).

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

| Reg S-K Exhibit No. | Description |
|---------------------|-------------|
|---------------------|-------------|

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99(a)

Press Release dated April 18, 2006,
for the period ending March 31, 2006,
regarding first quarter results.

-2-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: April 18, 2006

TrustCo Bank Corp NY
(Registrant)

By: /s/ Robert T. Cushing

Robert T. Cushing
Executive Vice President and
Chief Financial Officer

-3-

Exhibits Index

The following exhibits are filed herewith:

| Reg S-K Exhibit No. | Description | Page |
|---------------------|---|--------|
| ----- | ----- | ----- |
| 99(a) | Press release dated April 18, 2006, highlighting first quarter 2006 results. | 5 - 10 |

-4-

TRUSTCO
Bank Corp NY

Exhibit 99 (a)
News Release

5 Sarnowski Drive, Glenville, New York, 12302
(518) 377-3311 Fax: (518) 381-3668

Subsidiary: Trustco Bank

NASDAQ -- TRST

Contact: Robert M. Leonard

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Administrative Vice President
(518) 381-3693

FOR IMMEDIATE RELEASE

TRUSTCO ANNOUNCES FIRST QUARTER RESULTS

Glenville, New York - April 18, 2006 - TrustCo Bank Corp NY (TrustCo, Nasdaq: TRST) today announced first quarter results for 2006. Net income for the first three months of 2006 was \$12.4 million, compared to \$14.9 million for 2005. Diluted earnings per share were \$0.164 for the first quarter compared to \$0.197 for 2005. Excluding the affect of non-core income, the first quarter results indicate that TrustCo's first quarter 2006 results of \$12.5 million were up slightly over 2005. These non-core income items were the result of securities transactions and the sale of real estate. Robert J. McCormick, President and Chief Executive Officer commented, "We are pleased by these core operating results and look forward to building on them for the remainder of 2006."

The first quarter of 2006 was a challenging period for the banking industry due to the flattening/inversion of the interest rate yield curve in the U.S. economy. This has resulted in there being little margin between short-term deposit and long-term lending rates. This in turn puts pressure on overall earnings. "Despite this, we maintained a steady level of core earnings in the first quarter, which is a significant accomplishment. Perhaps most important is that during these times we continue to outperform our industry peers," McCormick said.

Return on average assets and return on average shareholders' equity were 1.73% and 21.61% for the first quarter of 2006 compared to 2.13% and 26.83% for the comparable period in 2005. Mr. McCormick indicated, "Though these returns are less than the outstanding results of 2005, we expect that they will reflect extremely well when compared to other banks. For 2005, as an example, the national average for our peer group was a return on average assets of 1.06% and return on average equity of 12.23%. We are confident that our results for the first quarter will continue to rank TrustCo as one of the top performing banks nationally."

- More -

- 5 -

TrustCo continues to show significant growth in the average balance of our loan portfolio, which increased \$244.3 million or 19.5% for the first quarter of 2006 compared to 2005. This growth came from both our residential real estate and commercial loan portfolios. Furthermore, as a result of continued improvement in virtually all of TrustCo's credit quality indicators, we realized a negative provision for loan losses of \$1.8 million in the first quarter of 2006 and \$1.5 million in the comparable period in 2005. Also during the quarter, the average balance of deposits increased by \$47.6 million. Mr. McCormick said, "We have focused considerable attention within the Company at growing the loan and deposit balances across all our markets."

During the quarter, Trustco opened four offices: three in Florida, and one in Upstate New York. Mr. McCormick commented, "Continuing our expansion plans combined with expense control will help us grow out of these challenging times."

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Our Board of Directors has again declared a quarterly cash dividend of \$0.16 per share, which you received in early April. This equates to an annual dividend of \$0.64 per share and represents a significant return to our shareholders. Mr. McCormick said, "It continues to be our belief that excess capital should be returned to shareholders in the form of dividends. We also believe it is prudent to retain sufficient capital to support our growth goals and remain well-capitalized for regulatory purposes."

TrustCo is a \$2.9 billion bank holding company and through its subsidiary, Trustco Bank, operates 82 offices in New York, Vermont, and Florida. In addition, the Bank operates a full service Trust Department. The common shares of TrustCo are traded on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol TRST.

Except for the historical information contained herein, the matters discussed in this news release and other information contained in TrustCo's Securities and Exchange Commission filings may express "forward-looking statements." Those "forward-looking statements" may involve risk and uncertainties, including statements containing future events or performance and assumptions and other statements of historical facts.

TrustCo wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Readers are advised that various risk factors, including, but not limited to: (1) credit risk, (2) interest rate risk, (3) competition, (4) changes in the regulatory environment, and (5) changes in general business and economic trends, could cause the actual results or circumstances for future periods to differ materially from those anticipated or projected in the forward-looking statements.

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- 6 -

TRUSTCO BANK CORP NY
GLENVILLE, NY

FINANCIAL HIGHLIGHTS
(dollars in thousands, except per share data)

| | 03/31/06 |
|---|-----------|
| Summary of operations | |
| Net interest income (TE) | \$ 26,245 |
| Provision (credit) for loan losses | (1,800) |
| Net securities transactions | (288) |
| Noninterest income | 3,593 |
| Noninterest expense | 11,925 |
| Net income | 12,366 |
| Net income less non-core operating items (Non-GAAP) (1) | 12,517 |

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| | |
|--|----------|
| Per common share | |
| Net income per share: | |
| - Basic | \$ 0.165 |
| - Diluted | 0.164 |
| Cash dividends | 0.160 |
| Tangible Book value at period end | 2.96 |
| Market price at period end | 12.17 |
| At period end | |
| Full time equivalent employees | 530 |
| Full service banking offices | 82 |
| Performance ratios | |
| Return on average assets | 1.73% |
| Return on average equity (2) | 21.61 |
| Efficiency (3) | 39.82 |
| Net interest spread (TE) | 3.33 |
| Net interest margin (TE) | 3.70 |
| Dividend payout ratio | 96.83 |
| Capital ratios at period end (4) | |
| Total equity to assets | 7.99% |
| Tier 1 risk adjusted capital | 16.07 |
| Total risk adjusted capital | 17.34 |
| Asset quality analysis at period end | |
| Nonperforming loans to total loans | 0.22% |
| Nonperforming assets to total assets | 0.12 |
| Allowance for loan losses to total loans | 2.88 |
| Coverage ratio (5) | 12.8X |

- (1) Calculated as net income excluding the after-tax effect of the net gain on the sale of ORE of \$20 in 2006 and \$222 in 2005 (pretax gains of \$34 in 2006 and \$368 in 2005) and the after-tax net gain or loss from the sale of securities available for sale of \$171 loss in 2006 and \$2,207 gain in 2005 (pretax loss of \$288 in 2006 and pretax gain of \$3,652 in 2005). (Non-GAAP)
- (2) Average equity excludes the effect of the market value adjustment for securities available for sale.
- (3) Calculated as noninterest expense (excluding ORE income/expense and any nonrecurring charges) divided by taxable equivalent net interest income plus noninterest income (excluding net securities transactions).
- (4) Capital ratios exclude the effect of the market value adjustment for securities available for sale.
- (5) Calculated as allowance for loan losses divided by total nonperforming loans.

TE = Taxable equivalent.

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands)

03/31/06

ASSETS

| | |
|---|--------------|
| Loans, net | \$ 1,486,047 |
| Securities available for sale | 1,112,380 |
| Federal funds sold and other short-term investments | 199,469 |
| | ----- |
| Total earning assets | 2,797,896 |
| Cash and due from banks | 44,248 |
| Bank premises and equipment | 22,539 |
| Other assets | 67,938 |
| | ----- |
| Total assets | \$ 2,932,621 |
| | ===== |

LIABILITIES

| | |
|---|------------|
| Deposits: | |
| Demand | \$ 244,377 |
| Interest-bearing checking | 294,197 |
| Savings | 722,858 |
| Money market | 218,518 |
| Certificates of deposit (in denominations of \$100,000 or more) | 232,111 |
| Other time deposits | 867,629 |
| | ----- |
| Total deposits | 2,579,690 |
| Short-term borrowings | 100,236 |
| Long-term debt | 80 |
| Other liabilities | 30,860 |
| | ----- |
| Total liabilities | 2,710,866 |

SHAREHOLDERS' EQUITY

| | |
|---|--------------|
| | 221,755 |
| | ----- |
| Total liabilities and shareholders' equity | \$ 2,932,621 |
| | ===== |
| Number of common shares outstanding, in thousands | 74,823 |

- 8 -

CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)

Three Months Ende

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| | 03/31/06 | 03/31/05 |
|---|-----------|----------|
| Interest income | | |
| Loans | \$ 24,351 | 19,351 |
| Investments | 13,866 | 11,866 |
| Federal funds sold and other short term investments | 2,492 | 3,492 |
| | ----- | ----- |
| Total interest income | 40,709 | 34,709 |
| Interest expense | | |
| Deposits | 14,419 | 9,419 |
| Borrowings | 779 | 779 |
| | ----- | ----- |
| Total interest expense | 15,198 | 10,198 |
| | ----- | ----- |
| Net interest income | 25,511 | 24,511 |
| Provision (credit) for loan losses | (1,800) | (1,800) |
| | ----- | ----- |
| Net interest income after provision (credit) for loan losses | 27,311 | 26,311 |
| Net securities transactions | (288) | 3,288 |
| Noninterest income | 3,593 | 3,593 |
| Noninterest expense | 11,925 | 11,925 |
| | ----- | ----- |
| Income before income taxes | 18,691 | 22,691 |
| Income tax expense | 6,325 | 7,325 |
| | ----- | ----- |
| Net income | \$ 12,366 | 14,366 |
| | ===== | ===== |
| Net income per share: | | |
| - Basic | \$ 0.165 | 0.165 |
| - Diluted | \$ 0.164 | 0.164 |
| Avg equivalent shares outstanding, in thousands: | | |
| - Basic | 74,871 | 74,871 |
| - Diluted | 75,263 | 75,263 |

- 9 -

CONSOLIDATED AVERAGE STATEMENTS OF FINANCIAL CONDITION
(in thousands)

| | Three Months Ended | |
|-------------------------------|--------------------|-----------|
| | 03/31/06 | 03/31/05 |
| Total assets | \$ 2,898,342 | 2,842,312 |
| Shareholders' equity | 225,030 | 228,538 |
| Total loans | 1,495,867 | 1,251,553 |
| Securities available for sale | 1,099,024 | 874,115 |
| Interest-earning assets | 2,819,811 | 2,754,905 |
| Interest-bearing deposits | 2,311,333 | 2,279,234 |

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| | | |
|------------------------------|-----------|-----------|
| Interest-bearing liabilities | 2,403,167 | 2,361,805 |
| Demand deposits | 241,903 | 226,403 |

- 10 -