Greenville Federal Financial Corporation

December 31, 2012 Annual Report

GREENVILLE FEDERAL FINANCIAL CORPORATION
Greenville, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012 and June 30, 2012 and 2011

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Letter from the President and Chief Executive Officer

Dear Fellow GF Shareholders and Friends:

It is my pleasure to present to you our 2012 Greenville Federal Financial Corporation Annual Report. You may notice that you are receiving our annual report much earlier in the year than what was presented in past years. That is because we changed our fiscal year from a June 30th date to a calendar year which is in line with our efforts to improve efficiencies for your company. We understand that in order to improve and evolve with the times, we must continuously strive to embrace change and improve at every opportunity. Our leadership team understands this and is always working to improve their areas of responsibility. 2012 was no different than the previous three years in that a key part of our overall strategy is to provide excellent, local customer service, or as we call it to “wow” the customer. This is a focus each and every day as we believe banking begins and ends with service and great service will translate into solid long-term banking relationships.

In 2012 we had several accomplishments despite the challenges of constant changes in our regulatory, economic, and operating environments. Unfunded mandates pushed down from our nation’s capital continue to provide headwinds that we simply cannot control, so we deal with them like so many other small businesses and move on. What we can control is where we focus our energies each and every day, such as our operating costs, risks, growing revenue, and providing excellent customer service. One accomplishment we are very proud to have achieved is a 5-star rating from independent bank rating agency, Bauer Financial. This is the second year in a row we have achieved the prestigious 5-star rating and the highest rating any bank can receive. Another proud accomplishment is we set an all-time record in new loan volume as many individuals and businesses moved their lending relationships to Greenville Federal. This is a good indication of the level of trust and confidence customers have in our organization as we continue to grow and set our bank apart from what most other banks are experiencing. With this positive growth, our asset quality continues to remain strong as we implement prudent lending practices and keep quality versus quantity at the top of our lending priorities.

We introduced several new initiatives in 2012 in keeping with our growth strategy. We deployed a new envelope-free smart ATM in Arcanum, Ohio at Sutton’s SuperValu to better serve our customer base in that area of Darke County and we greatly appreciate our partnership with another true local business in Sutton’s. We also installed a new ATM at our Main Office in Greenville and launched our GF Facebook page to better communicate with our customers. We introduced GF Mobile in 2012 which has been very successful as many customers now enjoy the option of banking on their smart phones. We also worked hard to help the environment and implemented our GF Recycling program for all of our GF Teammates. This new program promotes recycling of aluminum cans and plastic bottles and was initiated by a fellow GF Teammate. In addition to all of these products and services, we also brought on two new GF Directors in 2012. We welcomed Pat Custenborder and Julie Strait to the GF family and look forward to their leadership at the board level.

2012 was a good year for our shareholders, our bank, and our customers. We continue to pay a premium dividend on our stock, we achieved strong financial results, and we introduced several new products and services. This just didn’t happen by chance. These strong results were achieved by having a specific strategic plan that is carried out daily by all of our GF Teammates and having a strong, independent Board of Directors. In 2012 we also paid tribute to the many contributions by former GF Board member David Wolverton who retired in August. I personally would like to thank David for his years of service, valuable insight, and continued support of Greenville Federal. Lastly, I would like to thank all of my GF Teammates who day in and day out work so hard to make our bank the best it can be. We have raised the bar of expectations for our teammates, just as our shareholders expect, and I am pleased to report our team has responded in championship fashion. We look forward to many years of success as a true, local community bank.

Sincerely,

Jeff D. Kniese, President & CEO

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greenville Federal Financial Corporation
Greenville, Ohio

Report of the Financial Statements

We have audited the accompanying consolidated financial statements of Greenville Federal Financial Corporation, which comprise the consolidated balance sheets as of December 31, 2012 and June 30, 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the six months ended December 31, 2012 and the years ended June 30, 2012 and 2011, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greenville Federal Financial Corporation as of December 31, 2012 and June 30, 2012, and the results of its operations and its cash flows for the six months ended June 30, 2012 and the years ended June 30, 2012 and 2011, in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

April 16, 2013
Cleveland, Ohio

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2012 andJune 30, 2012
(In thousands, except share data)

	December 31, 2012	June 30, 2012
Assets		
Cash and due from banks	$ 3,071	$ 2,024
Overnight deposits	2,000	–
Interest-bearing deposits in other financial institutions	979	1,211
Cash and cash equivalents	6,050	3,235
Investment securities available-for-sale, at fair value	2,403	3,417
Mortgage-backed securities held-to-maturity, at amortized cost (fair value of $623 and $740 at December 31, 2012 and June 30, 2012, respectively)	575	680
Loans receivable, net of allowance for loan losses of $647 and $596 at December 31, 2012 and June 30, 2012, respectively	130,240	119,787
Office properties and equipment, net	1,779	1,744
Real estate acquired through foreclosure	238	271
Stock in Federal Home Loan Bank	2,003	2,003
Cash surrender value of life insurance	4,648	4,577
Deferred federal income taxes	195	155
Accrued interest receivable	406	380
Prepaid FDIC premiums	172	215
Prepaid expenses and other assets	265	377
Total assets	$ 148,974	$ 136,841
Liabilities and stockholders' equity		
Interest-bearing deposits	$ 95,936	$ 91,390
Noninterest-bearing deposits	8,545	7,977
Total deposits	104,481	99,367
Advances from the Federal Home Loan Bank	24,131	17,317
Advances by borrowers for taxes and insurance	744	221
Accrued interest payable	55	62
Accrued federal income taxes	351	413
Other liabilities	459	811
Total liabilities	130,221	118,191
Common stock – authorized 8,000,000 shares, $.01 par value; 2,298,411 shares issued (2,085,909 and 2,084,909 outstanding at December 31, 2012 and June 30, 2012)	23	23
Additional paid-in capital	9,097	9,097
Treasury stock, at cost (212,502 shares at December 31, 2012, and 213,502 shares at June 30, 2012)	(1,544)	(1,552)
Retained earnings, restricted	11,346	11,191
Unearned Employee Stock Ownership Plan shares	(271)	(271)
Accumulated other comprehensive income	102	162
Total stockholders' equity	18,753	18,650
Total liabilities and stockholders' equity	$ 148,974	$ 136,841

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands, except share data)

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Interest income			
Loans	$ 2,937	$ 5,762	$ 5,634
Mortgage-backed securities	15	39	55
Investment securities	29	151	293
Interest-bearing deposits and other	46	84	89
Total interest income	3,027	6,036	6,071
Interest expense			
Deposits	442	1,038	1,145
Borrowings	213	438	564
Total interest expense	655	1,476	1,709
Net interest income	2,372	4,560	4,362
Provision for loan losses	120	185	266
Net interest income after provision for loan losses	2,252	4,375	4,096
Noninterest income			
Customer service charges	234	483	525
Gain on sale of real estate acquired through foreclosure	8	34	15
Gain on sale of investments	48	341	56
Other	159	282	263
Total noninterest income	449	1,140	859
Noninterest expense			
Employee compensation and benefits	1,105	2,252	2,020
Occupancy and equipment	176	368	390
Franchise taxes	77	161	137
Data processing	247	437	391
Advertising	33	42	65
FDIC insurance premiums	40	85	147
Other	381	728	743
Total noninterest expense	2,059	4,073	3,893
Income before federal income taxes	642	1,442	1,062
Federal income taxes			
Current	235	327	169
Deferred	(40)	98	146
Total federal income taxes	195	425	315
Net income	$ 447	$ 1,017	$ 747
Earnings per share, basic and diluted	$ 0.22	$ 0.50	$ 0.37

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands)

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Net income	$ 447	$ 1,017	$ 747
Other comprehensive loss			
Unrealized holding gains (losses) on available-for-sale securities	(12)	(48)	4
Reclassification adjustment for losses (gains) later recognized in income	(48)	(341)	(56)
Net unrealized gains (losses) on available-for-sale securities	(60)	(389)	(52)
Tax effect	–	–	–
Other comprehensive loss	(60)	(389)	(52)
Comprehensive income	$ 387	$ 628	$ 695

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands, except share data)

	Common Stock	Treasury Shares	Additional Paid-in Capital	Retained Earnings	Shares Acquired by Employee Stock Ownership Plan	Accumulated Other Comprehensive Income, Net	Total
Balance, July 1, 2010	$ 23	$ (1,490)	$ 9,063	$ 9,919	$ (451)	$ 603	$ 17,667
Other comprehensive income (loss)	–	–	–	–	–	(52)	(52)
Net income for the year ended June 30, 2011	–	–	–	747	–	–	747
Cash dividends paid of $.28 per share	–	–	–	(271)	–	–	(271)
Amortization of ESOP expense	–	–	(46)	–	90	–	44
Expense recognized for 2006 equity plan trust	–	–	59	–	–	–	59
Balance, June 30, 2011	23	(1,490)	9,076	10,395	(361)	551	18,194
Other comprehensive income (loss)	–	–	–	–	–	(389)	(389)
Repurchase of 11,287 allocated ESOP shares upon employee separation	–	(62)	–	–	–	–	(62)
Net income for the year ended June 30, 2011	–	–	–	1,017	–	–	1,017
Cash dividends paid of $.28 per share	–	–	–	(221)	–	–	(221)
Amortization of ESOP expense	–	–	(44)	–	90	–	46
Tax effect of cost of ESOP shares released in excess of fair value	–	–	15	–	–	–	15
Expense recognized for 2006 equity plan trust, net of related taxes	–	–	50	–	–	–	50
Balance, June 30, 2012	23	(1,552)	9,097	11,191	(271)	162	18,650
Other comprehensive income (loss)	–	–	–	–	–	(60)	(60)
Exercise of 1,000 stock options	–	8	(3)	–	–	–	5
Net income for the six months ended June 30, 2012	–	–	–	447	–	–	447
Cash dividends paid of $.14 per share	–	–	–	(292)	–	–	(292)
Expense recognized for 2006 equity plan trust, net of related taxes	–	–	3	–	–	–	3
Balance, December 31, 2012	$ 23	$ (1,544)	$ 9,097	$ 11,346	$ (271)	$ 102	$ 18,753

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands)

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Cash flows from operating activities			
Net income	$ 447	$ 1,017	$ 747
Adjustments to reconcile net income to net cash provided by operating activities:			
Accretion and amortization of premiums and discounts on investment and mortgage-backed securities, net	(1)	(2)	(3)
Amortization of deferred loan origination fees	(15)	(160)	(192)
Depreciation and amortization	55	132	110
Amortization of mortgage servicing rights	4	16	23
Amortization of ESOP expense	25	46	44
Gain on redemption of investment security	(48)	(341)	(56)
Provision for loan losses	120	185	266
Changes in valuation allowance on mortgage servicing rights	–	(3)	(4)
Loss (gain) on sale of real estate acquired through foreclosure	(8)	(34)	(15)
Deferred taxes	(40)	98	146
Amortization of expense related to stock benefit plans	3	50	59
Increase in cash surrender value of life insurance	(71)	(139)	(141)
Increase (decrease) in cash due to changes in:			
Accrued interest receivable	(26)	65	5
Prepaid expenses and other assets	151	6	33
Accrued interest payable	(7)	1	(22)
Other liabilities	(439)	511	(14)
Net cash provided by operating activities	150	1,448	986
Cash flows used in investing activities			
Proceeds from redemption of investment securities designated as available-for-sale	1,002	7,000	1,000
Proceeds from repayment of mortgage-backed securities	106	219	356
Loan principal repayments	6,445	15,962	10,957
Loan disbursements	(17,050)	(33,689)	(20,589)
Purchase of office premises and equipment	(90)	(90)	(63)
Proceeds from sale of real estate acquired through foreclosure	88	296	84
Net cash used in investing activities	(9,499)	(10,302)	(8,255)
Net cash used in operating and investing activities	(9,349)	(8,854)	(7,269)

(Continued)

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
For the six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands)

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Net cash used in operating and investing activities	$ (9,349)	$ (8,854)	$ (7,269)
Cash flows provided by (used in) financing activities			
Net increase in deposit accounts	5,114	4,924	13,760
Net change in short-term FHLB advances	4,000	–	–
Proceeds from Federal Home Loan Bank advances	4,000	4,500	–
Repayment of Federal Home Loan Bank advances	(1,186)	(3,372)	(7,641)
Advances by borrowers for taxes and insurance	523	61	(254)
Proceeds from exercise of stock options	5	–	–
Purchase of treasury stock	–	(62)	–
Dividends paid on common stock	(292)	(221)	(271)
Net cash provided by financing activities	12,164	5,830	5,594
Decreasein cash and cash equivalents	2,815	(3,024)	(1,675)
Cash and cash equivalents at beginning of year	3,235	6,259	7,934
Cash and cash equivalents at end of year	$ 6,050	$ 3,235	$ 6,259
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest on deposits and borrowings	$ 662	$ 1,475	$ 1,731
Federal income taxes	275	100	255
Supplemental disclosure of noncash investing activities			
Transfers from loans to real estate acquired through foreclosure	47	386	279
Loans originated upon the sale of real estate acquired through foreclosure	59	70	76

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include Greenville Federal Financial Corporation ("GFFC") and its wholly owned subsidiary, Greenville Federal, together referred to as "the Corporation." Intercompany transactions and balances are eliminated in consolidation. Greenville Federal MHC, a federally chartered mutual holding company, owns 60.6% of GFFC's outstanding stock.

Nature of Operations: Greenville Federal provides financial services through its offices in Greenville, Ohio. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate and general economic conditions in the area.

Subsequent Events: The Corporation has evaluated subsequent events for recognition and disclosure through April 16, 2013, which is the date the financial statements were available to be issued.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for loan losses, realization of deferred tax assets, and fair values of financial instruments are particularly subject to change.

Cash Flows: Cash and cash equivalents include cash and due from banks and interest-bearing deposits in other financial institutions (including the FHLB and the Federal Reserve Bank) with original terms to maturity of less than ninety days. Net cash flows are reported for customer deposit transactions and borrowings with original maturities of less than ninety days.

Securities: Available-for-sale securities, which include any security for which the Corporation has no immediate plan to sell but which may be sold in the future, are carried at fair value. Equity securities with readily determinable fair values are classified as available for sale. Unrealized gains and losses are recorded, net of related income tax effects, in other comprehensive income.

Held-to-maturity securities, which include any security for which the Corporation has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific-identification method.

Other-than-temporary impairment on securities: Management evaluates securities for other-than-temporary impairment ("OTTI") at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, Management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement, and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference betweenthe present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans: Loans held in the portfolio are stated at the principal balance outstanding, adjusted for deferred loan origination fees and costs and the allowance for loan losses. Interest is accrued as earned unless the collectability of the loan is in doubt. Interest on loans that are contractually past due is charged off, or an allowance is established based on management's periodic evaluation. The allowance is established by a charge to interest income equal to all interest previously accrued, and income is subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments has returned to normal, in which case the loan is returned to accrual status.

All loan origination fees received, net of certain direct origination costs, are deferred on a loan-by-loan basis and amortized to interest income using the interest method, giving effect to actual loan prepayments. Loan origination costs represent the direct costs attributable to originating a loan, i.e., principally actual personnel costs. Fees received for loan commitments are deferred and amortized over the life of the related loan using the interest method.

The Corporation's lending efforts have historically focused on one- to four-family and mutli-family residential real estate loans. The preponderance of such loans have been underwritten on the basis of no more than an 80% loan-to-value ratio, which has historically provided the Corporation with adequate collateral coverage in the event of default. Nevertheless, the Corporation, as with any lending institution, is subject to the risk that real estate values could deteriorate in its primary lending area of west central Ohio, thereby impairing collateral values.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Loans Held for Sale: Loans held for sale are carried at the lower of cost or fair value, determined in the aggregate. In computing cost, deferred loan origination fees are deducted from the principal balances of the related loans. The Corporation had no loans held for sale at December 31, 2012 or June 30, 2012.

Allowance for Loan Losses: It is the Corporation's policy to provide valuation allowances for probable incurred losses on loans based upon past loss experience, trends in the level of delinquent and specific problem loans, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current and anticipated economic conditions in the primary market area. Major loans and major lending areas are reviewed periodically to determine potential problems at an early date. The allowance for loan losses is increased by charges to earnings and decreased by charge-offs (net of recoveries).

A loan is defined as impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate or, as an alternative, at the loan's observable market price or fair value of the collateral. It is the Corporation's policy to charge off loans when uncollectibility of a loan is confirmed. Unsecured loans are charged off if they are more than 120 days delinquent. Similarly, collateral dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment at that time.

The Corporation considers its investment in one- to four-family residential loans and consumer installment loans to be homogeneous and therefore excluded from separate identification for evaluation of impairment. With respect to the Corporation's investment in multi-family, nonresidential and commercial real estate loans, and its evaluation of impairment thereof, such loans are collateral dependent and as a result are carried, as a practical expedient, at the fair value of the collateral.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Corporation determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired. The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Corporation over the most recent 5 years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified:

*Construction Real Estate Loans:*Construction real estate loans represent loans for the construction of a residence or commerical property. The risks are similar to residential real estate and commercial loans but include additional risk should construction costs exceed budget. Construction progress is monitored through periodic inspections to ensure construction draws are consistent with the percentage of completion.

Residential Real Estate Loans: Residential real estate loans represent loans to consumers for the purchase, refinance, or improvement of a residence. These loans also include variable rate home equity lines of credit. Real estate market values at the time of origination directly affect the amount of credit extended and, in the event of default, subsequent changes in these values may impact the severity of losses. Factors considered by management include unemployment levels and residential real estate values in the Corporation's market area.

Commercial Real Estate Loans: Commercial real estate loans are subject to underwriting standards and processes similar to commercial loans. These loans are viewed primarily as cash flow loans and the repayment of these loans is largely dependent on the successful operation of the property. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and property types. Management specifically considers vacancy rates in its market area, as well as real estate values and, to a lesser extent, unemployment and energy prices.

Land Loans: Land loans include loans to develop vacant or raw land and are made to various builders and developers with whom the Corporation has had long-standing relationships. All such loans are secured by land zoned for residential or commerical developments and located within the Corporation's market area. The Corporation also makes loans to individuals who purchase and hold land for various reasons, such as the future construction of a residence. Land lending is considered to involve a higher level of credit risk due to the fact that funds are advanced upon the security of the land, which is of uncertian value prior to its development.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Commercial Loans: Commercial credit is extended to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. The majority of these borrowers are customers doing business in the Corporation's primary market area. These loans are generally underwritten individually and secured with the assets of the company and the personal guarantee of the business owners. Commercial loans are made based primarily on the basis of the borrower's ability to make repayment from the historical and projected cash flow of the borrower's business and the underlying collateral provided by the borrower. Management specifically considers unemployment, energy prices and, to a lesser extent, real estate values and vacancies in the Corporation's market area.

Consumer Loans: Consumer loans are primarily comprised of secured loans including automobile loans, loans on savings deposits and home improvement loans, and to a lesser extent unsecured personal loans. These loans are underwritten based on several factors including debt to income, type of collateral and loan to collateral value, credit history and relationship with the borrower. Unemployment rates and energy prices are specifically considered by management.

Servicing Assets: Servicing rights are recognized separately when they are acquired through sales of loans. When mortgage loans are sold, servicing rights are intitally recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively is based on a valuation model that calculates the present of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Foreclosed Assets: Real estate acquired through foreclosure is transfered at fair value less estimated selling expenses at the date of acquisition. Real estate loss provisions are recorded if the properties' fair value subsequently declines below the value determined at the transfer date. In determining the fair value at acquisition, costs relating to development and improvement of property are considered. Costs relating to holding real estate acquired through foreclosure, net of rental income, are charged against earnings as incurred.

Premises and Equipment: Office premises and equipment are carried at cost less accumulated depreciation and include expenditures which extend the useful lives of existing assets. Maintenance, repairs and minor renewals are expensed as incurred. For financial reporting, depreciation and amortization are provided on the straight-line method over the useful lives of the assets, estimated to be forty years for buildings, three to ten years for furniture and equipment, and five years for automobiles. Improvements are depreciated over their individual useful lives.

Investment in Federal Home Loan Bank Stock: Greenville Federal is required, as a condition of membership in the Federal Home Loan Bank of Cincinnati ("FHLB"), to maintain an investment in FHLB common stock. The stock is redeemable at par and, therefore, its cost is equivalent to its redemption value. Greenville Federal's ability to redeem FHLB shares is dependent on the redemption practices of the FHLB. At December 31, 2012, the FHLB placed no restrictions on redemption of shares in excess of a member's required investment in the stock.

Company Owned Life Insurance: The Corporation has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Corportion's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax basis of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Corporation recognizes interest and/or penalties related to income tax matters in income tax expense.

Retirement Plans: Employee 401(k) and profit sharing plan expense is the amount of matching contributions.

Employee Stock Ownership Plan: The cost of shares issued to the Employee Stock Ownership Plan ("ESOP"), but not yet allocated to participants, is shown as a reduction of stockholders' equity. Compensation expense is based on the fair value of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest. Participants may exercise a put option and require the Corporation to repurchase their ESOP shares upon termination of employment.

Earnings Per Common Share: Basic earnings per common share is computed based upon the weighted-average number of common shares outstanding during the period, less shares in the Corporation's ESOP that are unallocated and not committed to be released and unearned restricted stock awards. Diluted earnings per share includes the dilutive effect of potential common shares issuable under stock options.

For the six months ended December 31, 2012, weighted-average shares outstanding were computed as follows: (1) 2,085,213 average shares were outstanding for the period from July 1, 2012 through December 31, 2012, (2) 24,777 weighted-average shares in the ESOP that were unallocated and not committed to be released were not considered outstanding for the six months ended December 31, 2012, (3) 13,708 weighted-average shares acquired for the Greenville Federal Financial Corporation 2006 Equity Plan (the "2006 Equity Plan") that were not awarded were treated as treasury shares and not considered outstanding, and (4) average unearned restricted stock awards of 3,827. Weighted-average shares outstanding totaled 2,042,901 for the six months ended December 31, 2012. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. 41,800 options were not considered in computing diluted earnings per common share for 2012, because they were antidilutive. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,050,560 for the six months ended December 31, 2012.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the fiscal year ended June 30, 2012, weighted-average shares outstanding were computed as follows: (1) 2,089,807 average shares were outstanding for the period from July 1, 2011 through June 30, 2012, (2) 32,651 weighted-average shares in the ESOP that were unallocated and not committed to be released were not considered outstanding for the fiscal year ended June 30, 2012, and (3) 13,708 weighted-average shares acquired for the 2006 Equity Plan that were not awarded were treated as treasury shares and not considered outstanding. Weighted-average shares outstanding totaled 2,043,448 for the fiscal year ended June 30, 2012. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. 41,800 options were not considered in computing diluted earnings per common share for 2012, because they were antidilutive. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,048,667 for the fiscal year ended June 30, 2012.

For the fiscal year ended June 30, 2011, weighted-average shares outstanding were computed as follows: (1) 2,096,196 average shares were outstanding for the period from July 1, 2010 through June 30, 2011, (2) 41,664 weighted-average shares in the ESOP that were unallocated and not committed to be released were not considered outstanding for the fiscal year ended June 30, 2011, and (3) 13,708 weighted-average shares acquired for the 2006 Equity Plan that were not awarded were treated as treasury shares and not considered outstanding. Weighted-average shares outstanding totaled 2,040,824 for the fiscal year ended June 30, 2011. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. 49,747 options were not considered in computing diluted earnings per common share for 2011, because they were antidilutive. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,040,824 for the fiscal year ended June 30, 2011.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale which are also recognized as separate components of equity.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash: Cash on hand or deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements. These balances do not earn interest.

Dividend Restricton: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to shareholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: Reclassification of certain amounts in the prior years consolidated financial statements have been made to conform to the current presentation.

(Continued)

NOTE 2 – INVESTMENT AND MORTGAGE BACKED SECURITIES

The amortized cost and fair value of available-for-sale securities and related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2012				
Available-for-sale:				
AMF ultra-short mortgage fund	$ 2,301	$ 102	$ –	$ 2,403
June 30, 2012				
Available-for-sale:				
AMF ultra-shortmortgage fund	$ 3,255	$ 162	$ –	$ 3,417

The amortized cost, gross unrecognized gains, gross unrecognized losses and estimated fair value of mortgage-backed securities held to maturity at December 31 and June 30 are shown below (in thousands).

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
December 31, 2012				
Federal Home Loan Mortgage Corporation participation certificates	$ 81	$ 1	$ –	$ 82
Federal National Mortgage Association participation certificates	290	28	–	318
Government National Mortgage Association participation certificates	204	19	–	223
	$ 575	$ 48	$ –	$ 623
June 30, 2012				
Federal Home Loan Mortgage Corporation participation certificates	$ 90	$ 1	$ –	$ 91
Federal National Mortgage Association participation certificates	339	33	–	372
Government National Mortgage Association participation certificates	251	26	–	277
	$ 680	$ 60	$ –	$ 740

The amortized cost and estimated fair values of mortgage-backed securities at December 31, 2012, by contractual term to maturity, are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may generally prepay obligations without prepayment penalties.

	Estimated Amortized Cost	Fair Value
Due in one year or less	$ –	$ –
Due after one year through five years	66	66
Due after five years through ten years	7	8
Due after ten years	502	549
	$ 575	$ 623

NOTE 2 – INVESTMENT AND MORTGAGE BACKED SECURITIES (Continued)

The Corporation had no securities in an unrealized loss position at December 31, 2012 and June 30, 2012.

The proceeds from sales of securities and the associated gains are listed below (in thousands):

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Proceeds	$ 1,002	$ 7,000	$ 1,000
Gross gains	48	341	56
Gross losses	–	–	–

There were no securities pledged at December 31, 2012 and June 30, 2012. Securities eligible to be pledged at December 31, 2012 and June 30, 2012 had a carrying amount of $575,000 and $680,000, respectively.

NOTE 3 – LOANS

The composition of the loan portfolio at December 31 and June 30 is as follows (in thousands):

	December 31, 2012	June 30, 2012
Construction real estate	$ 4,528	$ 2,641
Residential real estate	116,813	107,667
Commercial real estate	9.616	8,943
Land	319	130
Commercial	1,219	1,258
Consumer	1,769	1,901
Total loans	134,264	122,540
Less		
Unearned interest	3	4
Deferred loan origination fees, net	221	197
Allowance for loan losses	647	596
Undisbursed portion of loans in process	3,153	1,956
Net loans	$ 130,240	$ 119,787

At December 31, 2012 and June 30, 2012, there were no loans held for sale. Mortgage loans serviced for others are not reported as assets. The principal balance of these loans at December 31, 2012 and June 30, 2012 was approximately $2.6 million and $3.1 million, respectively. Servicing rights associated with the serviced loans totaled $19,000 and $23,000 at December 31, 2012 and June 30, 2012 respectively.

(Continued)

NOTE 3 – LOANS (Continued)

The following table presents the activity in the allowance for loan losses by portfolio segment for the six months ending December 31, 2012 and the year ending June 30, 2012 (in thousands):

Six months ending December 31, 2012	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Land	Commercial	Consumer	Unallocated	Total
Allowance for loan losses:								
Beginning balance, July 1, 2012	$ 3	$ 411	$ 133	$ 1	$ 19	$ 29	$ –	$ 596
Provision for loan losses	4	52	34	–	(3)	33	–	120
Loans charged-off	–	(41)	(44)	–	–	(12)	–	(97)
Recoveries	–	24	–	–	–	4	–	28
Total ending allowance balance	$ 7	$ 446	$ 123	$ 1	$ 16	$ 54	$ –	$ 647
Year ending June 30, 2012								
Allowance for loan losses:								
Beginning balance, July 1, 2011	$ 2	$ 486	$ 112	$ 1	$ 13	$ 37	$ –	$ 651
Provision for loan losses	1	120	30	–	6	28	–	185
Loans charged-off	–	(256)	(9)	–	–	(47)	–	(312)
Recoveries	–	61	–	–	–	11	–	72
Total ending allowance balance	$ 3	$ 411	$ 133	$ 1	$ 19	$ 29	$ –	$ 596

The following is a schedule of activity in the allowance for loan losses for the year ending June 30, 2011 (in thousands):

	2011
Balance, July 1, 2010	$ 1,115
Provision for loan losses	266
Charge-offs of loans	(751)
Recoveries of loans	21
Balance, June 30, 2011	$ 651

(Continued)

NOTE 3 – LOANS (Continued)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2012 and June 30, 2012 (in thousands). The recorded investment in loans includes the unpaid principal balance of $221,000 and $197,000 of unamortized deferred loan costs (fees) as of December 31, 2012 and June 30, 2012, respectively. It was not practical to add accrued interest for the portfolio segments.

	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Land	Commercial	Consumer	Total
December 31, 2012							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Collectively evaluated for impairment	7	446	123	1	16	54	647
Total ending allowance balance	$ 7	$ 446	$ 123	$ 1	$ 16	$ 54	$ 647
Loans:							
Loans individually evaluated for impairment	$ –	$ 560	$ –	$ –	$ 31	$ –	$ 591
Loans collectively evaluated for impairment	1,746	115,939	9,556	319	1,188	1,769	130,517
Total ending loan balance	$ 1,746	$ 116,499	$ 9,556	$ 319	$ 1,219	$ 1,769	$ 131,108
June 30, 2012							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Collectively evaluated for impairment	3	411	133	1	19	29	596
Total ending allowance balance	$ 3	$ 411	$ 133	$ 1	$ 19	$ 29	$ 596
Loans:							
Loans individually evaluated for impairment	$ --	$ 659	$ 140	$ --	$ --	$ --	$ 799
Loans collectively evaluated for impairment	874	106,878	8,740	130	1,258	1,901	119,781
Total ending loan balance	$ 874	$ 107,537	$ 8,880	$ 130	$ 1,258	$ 1,901	$ 120,580

(Continued)

NOTE 3 – LOANS (Continued)

The following table presents information related to impaired loans by class of loans as of December 31, 2012 and June 30, 2012 (in thousands):

December 31, 2012	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:						
Residential real estate:						
1-4 family residential	$ 560	$ 560	$ –	$ 561	$ 18	$ 14
Commercial real estate	31	31	–	32	1	1
Subtotal	591	591	–	593	19	15
With an allowance recorded:						
Residential real estate:						
1-4 family residential	$ –	$ –	$ –	$ –	$ –	$ –
Commercial real estate	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	$ 591	$ 591	$ –	$ 593	$ 19	$ 15
June 30, 2012						
With no related allowance recorded:						
Residential real estate:						
1-4 family residential	$ 659	$ 659	$ –	$ 637	$ 40	$ 39
Commercial real estate	140	140	–	153	9	7
Subtotal	799	799	–	790	49	46
With an allowance recorded:						
Residential real estate:						
1-4 family residential	$ –	$ –	$ –	$ –	$ –	$ –
Commercial real estate	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	$ 799	$ 799	$ –	$ 790	$ 49	$ 46

The recorded investment in loans includes loan origination fees, net. The recorded investment excludes accrued interest receivable due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs.

(Continued)

NOTE 3 – LOANS (Continued)

Impaired loans during the year ending June 30, 2011 were as follows (in thousands):

	2011
Average of individually impaired loans during year	$ 899
Interest income recognized during impairment	56
Cash-basis interest income recognized	32

The following table presents the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2012 and June 30, 2012 (in thousands):

	Nonaccrual		Loans Past Due Over 90 Days Still Accruing	
	December 31, 2012	June 30, 2012	December 31, 2012	June 30, 2012
Residential real estate:				
1-4 family residential	$ 144	$ 78	$ 232	$ 176
Home equity line of credit	–	–	–	–
Commercial real estate	–	–	–	107
Consumer other	–	–	–	–
Total	$ 144	$ 78	$ 232	$ 283

The following table presents the aging of the recorded investment in past due loans as of December 31, 2012 and June 30, 2012 by class of loans (in thousands):

December 31, 2012	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due	Total
Construction real estate:						
1-4 family construction	$ –	$ –	$ –	$ –	$ 1,746	$ 1,746
Other construction	–	–	–	–	–	–
Residential real estate:						
1-4 family residential	466	285	376	1,127	112,354	113,481
Home equity line of credit	20	–	–	20	2,998	3,018
Commercial real estate	52	52	–	104	9,452	9,556
Land	–	–	–	–	319	319
Commercial	–	–	–	–	1,219	1,219
Consumer:						
Auto	–	–	–	–	904	904
Other	–	–	–	–	865	865
Total	$ 538	$ 337	$ 376	$ 1,251	$ 129,857	$ 131,108

(Continued)

NOTE 3 – LOANS (Continued)

June 30, 2012	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due	Total
Construction real estate:						
1-4 family construction	$ -	$ -	$ -	$ -	$ 874	$ 874
Other construction	-	-	-	-	-	-
Residential real estate:						
1-4 family residential	336	158	188	682	104,097	104,779
Home equity line of credit	-	-	-	-	2,758	2,758
Commercial real estate	-	-	107	107	8,773	8,880
Land	-	-	-	-	130	130
Commercial	-	-	-	-	1,258	1,258
Consumer:						
Auto	8	-	-	8	1,164	1,172
Other	-	-	-	-	729	729
Total	$ 344	$ 158	$ 295	$ 797	$ 119,783	$ 120,580

Troubled Debt Restructurings:
The Corporation did not have any specific reserves allocated to customers whose loan terms had been modified in troubled debt restructurings as of December 31, 2012 and June 30, 2012. The Corporation has not committed to lend additional amounts as of December 31, 2012 and June 30, 2012 to customers with outstanding loans that are classified as troubled debt restructurings.

As of December 31, 2012 and June 30, 2012, the terms of certain loans were modified as troubled debt restructurings. The modification of the terms of such loans included one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan.

Modifications involving a reduction of the stated interest rate of the loan were for periods ranging from 12 months to 5 years.

The Corporation did not have any loans that were modified as troubled debt restructurings during the six months ended December 31, 2012. The following table presents loans by class modified as troubled debt restructurings that occurred during the year ended June 30, 2012:

June 30, 2012	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings:			
Construction real estate:			
1-4 family construction	–	$ –	$ –
Other construction	–	–	–
Residential real estate:			
1-4 family residential	2	96	56
Home equity line of credit	–	–	–
Commercial real estate	–	–	–
Land	–	–	–
Commercial	–	–	–
Consumer:			
Auto	–	–	–
Other	–	–	–
Total	2	$ 96	$ 56

(Continued)

NOTE 3 – LOANS (Continued)

The Company had one loan that was a troubled debt restructuring as of June 30, 2012 that was past due during the six months ended December 31, 2012, that subsequently was brought current.

The terms of certain other loans were modified as of December 31, 2012 and June 30, 2012 that did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment as of December 31, 2012 and June 30, 2012 of $11,000 and $246,000. The modification of these loans involved either a modification of the terms of a loan to borrowers who were not experiencing financial difficulties or a delay in a payment that was considered to be insignificant.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the company's internal underwriting policy.

Credit Quality Indicators:
The Corporation categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Corporation analyzes loans individually by classifying the loans as to credit risk. This analysis includes non-performing loans and non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on a monthly basis. The Corporation uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss. Loans or a portion thereof classified as losses considered uncollectible and of such little value that its continuance as an asset, without establishment of a specific valuation allowance or charge-off, is not warranted. This classification does not necessarily mean that an asset has absolutely no recovery or salvage value; but rather, it is not practical or desirable to defer writing off a basically worthless asset (or portion) even though partial recovery may be affected in the future.

NOTE 3 – LOANS (Continued)

Loans listed as not rated are performing or are included in groups of homogeneous loans. As of December 31, 2012 and June 30, 2012, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

December 31, 2012	Pass	Special Mention	Substandard	Doubtful	Loss	Not Rated
Construction real estate:						
1-4 family construction	$ –	$ –	$ –	$ –	$ –	$ 1,746
Other construction	–	–	–	–	–	–
Residential real estate:						
1-4 family real estate	216	967	637	–	–	111,661
Home equity line of credit	–	–	–	–	–	3,018
Commercial real estate	9,452	52	52	–	–	–
Land	–	–	–	–	–	319
Commercial	1,188	31	–	–	–	–
Consumer:						
Auto	–	–	2	–	–	902
Other	–	–	–	–	–	865
Total	$ 10,856	$ 1,050	$ 691	$ –	$ –	$ 118,511
June 30, 2012						
Construction real estate:						
1-4 family construction	$ –	$ –	$ –	$ –	$ –	$ 874
Other construction	–	–	–	–	–	–
Residential real estate:						
1-4 family real estate	474	843	469	–	–	102,993
Home equity line of credit	–	–	22	–	–	2,736
Commercial real estate	8,739	54	87	–	–	–
Land	–	–	–	–	–	130
Commercial	1,258	–	–	–	–	–
Consumer:						
Auto	–	–	–	–	–	1,172
Other	–	–	–	–	–	729
Total	$ 10,471	$ 897	$ 578	$ –	$ –	$ 108,634

Not rated credits consist primarily of homogenous loans. The Corporation evaluates the credit quality of these loans by delinquency status which has been previously disclosed.

Loans to executive officers, directors and companies with which they are affiliated totaled $919,000 at December 31, 2012 and $1,038,000 at June 30, 2012.

NOTE 4 – PREMISES AND EQUIPMENT

Premises and equipment was as follows (in thousands):

	December 31, 2012	June 30, 2012
Land	$ 572	$ 572
Leasehold improvements	233	233
Buildings and improvements	1,734	1,734
Furniture and equipment	1,933	1,843
Vehicles	13	13
	4,485	4,395
Less accumulated depreciation and amortization	(2,706)	(2,651)
Net premises and equipment	$ 1,779	$ 1,744

The Corporation conducts a portion of its operations in leased facilities under a noncancelable operating lease scheduled to expire in 2014. The Corporation has an option to renew the lease for two more years at $58,800 and $61,200, respectively. Total rental expense for the six months ended December 31, 2012, and the years ending June 30, 2012 and 2011 was $27,600, $54,000 and $53,200, respectively. The minimum rental commitment under operating leases was as follows, before considering the renewal option:

Year ending December 31,	(in thousands)
2013	$ 56
2014	46
	$ 102

NOTE 5 – FEDERAL INCOME TAXES (BENEFITS)

The provision for federal income taxes differs from that computed at the statutory corporate rate for the six months ended December 31, 2012 and the years ended June 30, 2012 and 2011 as follows (in thousands):

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Federal income taxes computed at 34% statutory rate	$ 218	$ 490	$ 361
Increase (decrease) in taxes resulting from:			
Increase in cash surrender value of life insurance	(24)	(47)	(48)
Change in valuation allowance on deferred tax assets	(16)	(48)	(19)
Other	17	30	21
Federal income taxes	$ 195	$ 425	$ 315
Effective rate of tax	30.4%	29.5%	29.7%

(Continued)

NOTE 5 – FEDERAL INCOME TAXES (BENEFITS) (Continued)

The composition of the Corporation's net deferred tax asset (liability) at December 31 and June 30 is as follows (in thousands):

	December 31, 2012	June 30, 2012
Taxes (payable) refundable on temporary differences at statutory rate:		
Deferred tax liabilities		
Federal Home Loan Bank stock dividends	$ (424)	$ (424)
Difference between book and tax depreciation	(51)	(31)
Mortgage servicing rights	(6)	(8)
Prepaid expenses and other	–	(25)
Total deferred tax liabilities	(481)	(488)
Deferred tax assets		
General loan loss allowance	212	194
Deferred loan origination fees	45	35
Other-than-temporary impairment loss	323	456
Capital loss carry-forward	1,267	1,149
Nonaccrual loan interest	2	1
Employee stock ownership plan	10	10
Accrued compensation	48	42
Equity based compensation	16	16
Other	2	5
Gross deferred tax assets	1,925	1,908
Less: valuation allowance	(1,249)	(1,265)
Total deferred tax assets, net	676	643
Net deferred tax asset	$ 195	$ 155

The valuation allowance relates to the other-than-temporary impairment loss, which may not be deductible in future periods, as well as to realized capital loss from sales of securities which were not deductible. As additional losses realized upon redemption of the security, will be capital in nature, it may only be deducted to the extent the Corporation has capital gains. At December 31, 2012, the Corporation had $3,725,332 of capital loss carryforwards available, which may be carried forward for up to five years. These capital loss carryforwards expire as follows: $282,889 at December 31, 2013, $361,468 at December 31, 2014, $333,324 at December 31, 2015, $2,402,604 at December 31, 2016, and $345,047 at December 31, 2017.

Prior to 1997, the Corporation was allowed a special bad debt deduction generally limited to 8% of otherwise taxable income and subject to certain limitations based on aggregate loans and deposit account balances at the end of the year. If the amounts that previously qualified as deductions for federal income taxes are later used for purposes other than bad debt losses, including distributions in liquidation, such distributions will be subject to federal income taxes at the then current corporate income tax rate. Retained earnings at December 31, 2012, include approximately $1.8 million for which federal income taxes have not been provided. The amount of unrecognized deferred tax liability relating to the cumulative bad debt deduction was approximately $600,000 at December 31, 2012. Management believes that it is more likely than not that the results of future operations, as integrated with the reversal of deferred tax benefits, will generate sufficient taxable income to realize reported deferred tax assets.

(Continued)

NOTE 5 – FEDERAL INCOME TAXES (BENEFITS) (Continued)

At December 31, 2012 and June 30, 2012 the Corporation had no unrecognized tax benefits. The Corporation does not expect the amount of unrecognized tax benefits to increase substantially in the next twelve months.

The Corporation and its subsidiary are subject to U.S. federal income tax. The Corporation is no longer subject to examination by federal taxing authorities for tax years prior to 2008. The years 2008-2011 remain open to examination by U.S. taxing authorities.

NOTE 6 – DEPOSITS

Period end deposits were as follows (in thousands):

	December 31, 2012	June 30, 2012
Noninterest-bearing demand deposits	$ 8,545	$ 7,977
NOW accounts	6,602	5,533
Money market accounts	286	294
Savings accounts	26,834	24,134
Certificates of deposit	62,214	61,429
Total deposit accounts	$ 104,481	$ 99,367

The Corporation had certificate of deposit accounts with balances in excess of $100,000 totaling approximately $25.9 million and $21.1 million at December 31, 2012 and June 30, 2012, respectively. Deposits in excess of $250,000 are not insured by the FDIC. Related party deposits were $131,000 and $1,084,000 at December 31, 2012 and June 30, 2012.

Interest expense on deposits is summarized as follows for the six months ending December 31, 2012 and the years ending June 30, 2012 and 2011 (in thousands):

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Demand, transaction and savings accounts	$ 24	$ 47	$ 52
Certificate of deposit accounts	418	991	1,093
Balance at end of year	$ 442	$ 1,038	$ 1,145

Maturities of certificate of deposit accounts as of December 31 are as follows (in thousands):

	December 31, 2012
2013	$ 40,709
2014	8,661
2015	6,306
2016	2,159
2017	4,379
	$ 62,214

NOTE 7 – BORROWED FUNDS

Advances from the Federal Home Loan Bank are summarized as follows (in thousands):

	December 31, 2012	June 30, 2012
Short-term fixed rate advances with rates ranging from 0.15% to 0.21%, with original maturities of 90 days or less	$ 4,000	$ –
Fixed rate advances with rates ranging from 0.83% to 3.42%, maturities ranging from January 2013 to June 2017 for December 2012 and rates ranging from 0.89% to 3.42%, maturities ranging from January 2013 to September 2015 for June 2012	10,000	6,000
Select pay mortgage-matched advances with rates ranging from 2.77% to 6.05%, maturities ranging from February 2018 to February 2029 for December 2012 and and rates ranging from 2.77% to 6.15%, maturities ranging from October 2012 to February 2029 for June 2012	7,991	8,869
Four year constant monthly payment amortizing advance, interest rate of 0.70%, final maturity May 2016	2,140	2,448
Balance at end of year	$ 24,131	$ 17,317

Fixed rate advances are payable at the maturity date and subject to prepayment penalties. The select pay mortgage-matched advances require monthly principal and interest payments and annual additional principal payments. The constant monthly payment amortizing advance requires constant monthly principal and interest payments to fully amortize the advance at maturity.

Maturities of FHLB advances at December 31, 2012 for the next five years and thereafter were as follows (in thousands):

2013	$ 9,212
2014	2,996
2015	3,935
2016	3,464
2017	3,214
Thereafter	1,310
	$ 24,131

Advances under the borrowing agreements were collateralized by the Corporation's FHLB stock owned and a blanket pledge of qualifying mortgage loans at year-end 2012. Based upon this collateral and the Corporation's holdings of FHLB stock, the Corporation can borrow an additional $28.3 million at December 31, 2012.

The Corporation has a line of credit with the FHLB of $30,000,000 that can be used to guarantee public deposits over the FDIC insurance limit of $250,000. At December 31, 2012 and June 30, 2012, the Corporation had letters of credit outstanding for $17,650,000 and $13,750,000 to guarantee such deposits. There are no rates associated with these letters of credit.

NOTE 8 – BENEFIT PLANS

The Corporation has a contributory 401(k) plan which covers substantially all employees. Eligible participants of the plan may voluntarily make contributions up to 25% of annual compensation. Employer contributions to the plan are required in an amount equal to 100% of the employees' contributions, not to exceed 6% of the employees' eligible salary level. The expense for this plan totaled approximately $38,000 for the six months ended December 31, 2012 and $69,000 and $67,000 for the fiscal years ended June 30, 2012 and 2011, respectively.

In connection with the reorganization of Greenville Federal into the mutual holding company structure in 2006 (the "Reorganization"), the Corporation implemented an employee stock ownership plan ("ESOP") which provides retirement benefits for substantially all full-time employees who are credited with at least 1,000 hours of service on the last day of the 12-month period beginning on their employment commencement date or, to the extent necessary, the last day of any plan year thereafter beginning with the plan year that includes the first anniversary of the employee's commencement date. The ESOP acquired 90,098 shares of Corporation common stock at $10.00 per share in connection with the Reorganization with funds provided by a loan from the Corporation. Accordingly, $901,000 of common stock acquired by the ESOP was shown as a reduction of stockholders' equity. Shares are released to participants' accounts proportionately as the loan is repaid. Dividends on allocated shares are recorded as dividends and charged to retained earnings. Dividends on unallocated shares used to repay the ESOP note are treated as compensation expense. The Corporation recognizes compensation expense equal to the fair value of ESOP shares allocated to participants during the fiscal year. Allocation of shares to the ESOP participants are contingent upon the repayment of a loan to the Corporation totaling $318,000 and $318,000 at December 31, 2012 and June 30, 2012, which is eliminated in consolidation. The Corporation recorded expense for the ESOP of approximately $25,000, $46,000 and $44,000 for the six months ended December 31, 2012 and the fiscal years ended June 30, 2012 and 2011, respectively. Contributions to the ESOP during fiscal 2012 and 2011 which includes dividends on unallocated shares totaled $119,000 each year. No contributions were made for the six months ending December 31, 2012.

	December 31, 2012	June 30, 2012
Allocated shares	50,077	50,077
Unallocated shares	27,029	27,029
Total ESOP shares	77,106	77,106
Fair value of unallocated shares (in thousands)	$ 169	$ 129

The Corporation is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. During the six months ended December 31, 2012 no shares were repurchased from former employees. During the year ended June 30, 2012, 11,287 shares were repurchased from former employees. No shares were repurchased during the year ended June 30, 2011. At December 31, 2012, the fair value of the 50,077 allocated shares held by the ESOP was approximately $313,000. This amount represents the repurchase obligation of the Corporation.

NOTE 8 – BENEFIT PLANS (Continued)

During fiscal 2007 the Corporation's shareholders approved the 2006 Equity Plan that provides for awards of up to 45,048 shares of the Corporation's common stock to directors, officers and employees of the Corporation. Effective June 29, 2007, share awards were made to members of the Board of Directors and executive officers totaling 25,700 shares. Effective January 25, 2008, share awards were made to an executive officer totaling 4,200 shares. Effective May 1, 2009, share awards were made to an executive officer totaling 11,200 shares. The awards are scheduled to vest over a period of five years from the date of the award at a rate of 20% per year. Compensation expense for the awards totaled approximately $8,000, $40,000 and $41,000 for the six months ended December 31, 2012 and the fiscal years ended June 30, 2012 and June 30, 2011, respectively. During fiscal year 2009, awards of 8,960 shares were forfeited upon an employee's retirement. During fiscal year 2011, awards of 800 shares were forfeited upon a director's retirement. During the six months ended December 31, 2012, no shares vested. During the years ended June 30, 2012 and 2011, 5,580 shares vested each year. The fair value of the awards at vesting totaled $30,000 during the year ended June 30, 2012 and $26,000 during the year ended June 30, 2011. 5,320 share awards are unvested at December 31, 2012. At December 31, 2012, there was approximately $13,000 of total unrecognized compensation expense related to the share awards. $10,000 of compensation expense will be recognized in the year ending December 31, 2013 and $3,000 will be recognized in the year ending December 31, 2014.

NOTE 9 – STOCK OPTION PLAN

The 2006 Equity Plan, which was approved by shareholders on October 31, 2006, permits the grant of options to purchase shares of the Corporation's common stock to its directors and employees for up to 112,622 shares. Option awards are generally granted with an exercise price equal to the market price of the Corporation's stock at the date of grant; those option awards generally vest based on five years of continuous service and have ten-year contractual terms. Upon a change in control of the Corporation (as defined in the 2006 Equity Plan), each option will be treated as provided in a separate written agreement with the option holder or, if no such agreement exists, will be cancelled in exchange for cash or the merger or acquisition consideration, as provided in the merger or acquisition agreement. The Corporation granted stock option awards for 74,800 shares on June 29, 2007 and 28,000 shares on May 1, 2009.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model based upon the following assumptions. Expected volatilities are based on historical volatilities of the Corporation's common stock. The Corporation uses historical data to estimate option exercise and post-vesting termination behavior. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

There were no options granted, 1,000 shares exercised and no options forfeited during the six months ended December 31, 2012. There were no options granted, exercised or forfeited during the fiscal year ended June 30, 2012. There were 5,000 shares forfeited during the fiscal year ending June 30, 2011, upon a director's retirement. At December 31, 2012, there were options to purchase 68,800 shares outstanding at a weighted-average exercise price of $7.36 and a weighted average life of 5.2 years. At December 31, 2012, 57,600 of the outstanding options were vested at a weighted-average exercise price of $7.99. The Corporation believes all remaining unvested options will vest. The aggregate intrinsic value of outstanding stock options at December 31, 2012 was $57,000.

Compensation expense for the awards totaled approximately $100 for the six months ended December 31, 2012 and $13,000 for both fiscal years ended June 30, 2012 and June 30, 2011.

As of December 31, 2012, there was approximately $400 of total unrecognized compensation cost related to nonvested options granted under the 2006 Equity Plan. $300 of this cost will be recognized in 2013 and $100 will be recognized in 2014.

(Continued)

NOTE 9 – STOCK OPTION PLAN (Continued)

The shares of the stock to be delivered under the Plan may consist, in whole or in part, of treasury stock or authorized but unissued shares not reserved for any other purpose; provided, however, that the use of shares purchased in the secondary market will be limited to such repurchases as are permitted by applicable regulations of the Office of the Comptroller of the Currency.

NOTE 10 – REGULATORY MATTERS

Greenville Federal was subject to the regulatory capital requirements of the Office of the Comptroller of the Currency (the "OCC"). Failure to meet minimum capital requirements can initiate certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on Greenville Federal's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Greenville Federal must meet specific capital guidelines that involve quantitative measures of Greenville Federal's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Greenville Federal's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

As of December 31, 2012 and June 30, 2012, Greenville Federal's capital met the requirements to be deemed "well-capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well-capitalized" Greenville Federal must maintain minimum capital ratios as set forth in the following table.

As of December 31, 2012 and June 30, 2012, management believes that Greenville Federal met all capital adequacy requirements to which it was subject.

Actual and required capital amounts (in thousands) and ratios are presented below at year-end.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2012						
Tier 1 (core) capital to average weighted assets	$ 15,168	10.3%	$ 5,898	4.0%	$ 7,372	5.0%
Tier 1 (core) capital to risk-weighted assets	15,168	17.2	3,530	4.0	5,294	6.0
Total capital to risk-weighted assets	15,815	17.9	7,059	8.0	8,824	10.0
June 30, 2012						
Tier 1 (core) capital to average weighted assets	$ 14,686	10.9%	$ 5,408	4.0%	$ 6,760	5.0%
Tier 1 (core) capital to risk-weighted assets	14,686	17.7	3,315	4.0	4,973	6.0
Total capital to risk-weighted assets	15,282	18.4	6,630	8.0	8,288	10.0

(Continued)

NOTE 10 – REGULATORY MATTERS (Continued)

Greenville Federal is subject to regulations imposed by the OCC regarding the amount of capital distributions payable to the Corporation. Generally, Greenville Federal's payment of dividends is limited, without prior OCC approval, to net earnings for the current calendar year plus the two preceding calendar years, less capital distributions paid over the comparable time period. Insured institutions are required to file an application with the OCC for capital distributions in excess of this limitation. During the six months ended December 31, 2012 and the year ended June 30, 2012, no capital distributions were made to the Corporation.

Regulations governing mutual holding companies permit Greenville Federal MHC to waive the receipt by it of any common stock dividend declared by GFFC or Greenville Federal, provided the FRB does not object to such waiver. For the six months ended December 31, 2012, Greenville Federal did not have such waiver from the FRB and paid Greenville Federal MHC $177,000 in dividends. For the years ending June 30, 2012 and 2011 Greenville Federal waived $354,000 and $303,000 pursuant to such waiver.

NOTE 11 – OFF-BALANCE-SHEET ACTIVITIES

The Corporation is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers, including commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the statement of financial condition. The contract or notional amounts of the commitments reflect the extent of the Corporation's involvement in such financial instruments.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations, including receipt of collateral, as those utilized for on-balance-sheet instruments.

The contractual amount of financial instruments with off-balance-sheet risk was as follows (in thousands):

	December 31, 2012	June 30, 2012
1-4 family residential real estate, fixed rate	$ 2,696	$ 1,833
1-4 family residential real estate, variable rate	183	452
Land, variable rate	97	–
Commercial real estate, variable rate	732	703
Commercial lines of credit, variable rate	15	17
Home equity lines of credit, fixed rate	43	236
Home equity lines of credit, variable rate	2,814	3,009
Stand-by letters of credit	31	31
	$ 6,611	$ 6,281

The interest rate on fixed-rate commitments ranged from 2.500% to 6.050% at December 31, 2012 and 1.375% to 6.500% at June 30, 2012. Commitments to make loans are generally made for a period of 30 days or less.

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant, unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the Corporation's valuation methodologies used to measure and disclose the fair values of its financial assets and liabilities on a recurring or nonrecurring basis:

Securities Available-For-Sale: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals for property securing the loans, since such loans are usually collateral dependent. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Other Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned (OREO) are measured at the lower of carrying amount or fair value, less costs to sell. Fair values are generally based on third party appraisals of the property, resulting in a Level 3 classification. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized.

Assets and liabilities measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2012			
AMF Ultra Short Mortgage Fund	$ 2,403	$ –	$ –
June 30, 2012			
AMF Ultra Short Mortgage Fund	$ 3,417	$ –	$ –

(Continued)

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (Continued)

There are no assets measured at fair value on a non-recurring basis as of December 31, 2012. Assets measured at fair value on a non-recurring basis as of June 30, 2012 are summarized below (in thousands):

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2012			
Other real estate owned	$ –	$ –	$ –
June 30, 2012			
Other real estate owned	$ –	$ –	$ 38

Other real estate owned had a net carrying amount of approximately $38,000 at June 30, 2012, after a direct write down of $9,000 at June 30, 2012.

The carrying amounts and estimated fair values of financial instruments at year-end were as follows (in thousands):

	December 31, 2012		June 30, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 6,050	$ 6,050	$ 3,235	$ 3,235
Investment securities available for sale	2,403	2,403	3,417	3,417
Mortgage-backed securities	575	623	680	740
Loans receivable	130,240	145,099	119,787	132,796
Federal Home Loan Bank stock	2,003	N/A	2,003	N/A
Accrued interest receivable	406	406	380	380
Financial liabilities				
Deposits	$ 104,481	$ 105,609	$ 99,367	$ 100,761
Advances from the Federal Home Loan Bank	24,131	25,066	17,317	18,182
Advances by borrowers fortaxes and insurance	744	744	221	221
Accrued interest payable	55	55	62	62

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments at December 31, 2012 and June 30, 2012:

Cash and cash equivalents: The carrying amounts presented in the consolidated balance sheets for cash and cash equivalents are deemed to approximate fair value.

Investment and mortgage-backed securities: For investment and mortgage-backed securities, fair values are based on matrix pricing which is a mathematical technique to value securities through securities' relationship to other benchmark quoted securities.

Loans receivable: The loan portfolio has been segregated into categories with similar characteristics, such as one- to four-family residential, multi-family residential, nonresidential real estate, commercial and consumer loans. These loan categories were further delineated into fixed-rate and adjustable-rate loans. The fair values for the resultant loan categories were computed via discounted cash flow analysis, using current interest rates offered for loans with similar terms to borrowers of similar credit quality.

Federal Home Loan Bank stock: It was not practical to determine the fair value of Federal Home Loan Bank stock due to restrictions placed on its transferability.

(Continued)

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (Continued)

Accrued Interest Receivable: The carrying amount presented in the consolidated balance sheets is deemed to approximate fair value.

Deposits: The fair value of checking and NOW accounts, savings accounts, and money market deposits is deemed to approximate the amount payable on demand at December 31, 2012 and June 30, 2012. Fair values for fixed-rate certificates of deposit have been estimated using a discounted cash flow calculation, based on the interest rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank advances: The fair value of Federal Home Loan Bank advances has been estimated using discounted cash flow analysis, based on the interest rates currently offered for advances of similar remaining maturities.

Accrued Interest Payable: The carrying amount presented in the consolidated balance sheets is deemed to approximate fair value.

NOTE 13 – GREENVILLE FEDERAL FINANCIAL CORPORATION CONDENSED FINANCIAL STATEMENTS

The following condensed financial statements summarize the financial position of Greenville Federal Financial Corporation as of December 31, 2012 and June 30, 2012, and the results of its operations and its cash flows for the fiscal years then ended.

Greenville Federal Financial Corporation
Balance Sheets
December 31, 2012 and June 30, 2012
(In thousands)

	December 31, 2012	June 30, 2012
Assets		
Interest-bearing deposits in Greenville Federal	$ 1,719	$ 1,849
Demand deposits in Greenville Federal	24	25
Cash and cash equivalents	1,743	1,874
Loans receivable, net	1,203	1,437
Loans receivable from ESOP	318	318
Prepaid expenses and other assets	229	201
Receivable from Greenville Federal	4	–
Investment in Greenville Federal	15,272	14,850
Total assets	$ 18,769	$ 18,680
Liabilities and stockholders' equity		
Accrued expenses and other liabilities	$ 16	$ 30
Stockholders' equity		
Common stock and additional paid-in capital	9,120	9,120
Treasury stock	(1,544)	(1,552)
Retained earnings	11,346	11,191
Shares acquired by employee stock ownership plan	(271)	(271)
Unrealized gains on securities designated as available-for-sale, net of tax effects	102	162
Total stockholders' equity	18,753	18,650
Total liabilities and stockholders' equity	$ 18,769	$ 18,680

(Continued)

NOTE 13 – GREENVILLE FEDERAL FINANCIAL CORPORATION CONDENSED FINANCIAL STATEMENTS (Continued)

Greenville Federal Financial Corporation
Statements of Income
Six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands)

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Revenue			
Interest income	$ 13	$ 31	$ 44
Equity in earnings of Greenville Federal	482	1,083	846
Total income	495	1,114	890
General and administrative expenses	66	131	194
Income before income taxes	429	983	696
Income taxes (benefits)	(18)	(34)	(51)
Net income	$ 447	$ 1,017	$ 747

Greenville Federal Financial Corporation
Statements of Cash Flows
Six months ended December 31, 2012 and years ended June 30, 2012 and 2011
(In thousands)

	Six months ended December 31, 2012	Year ended June 30, 2012	Year ended June 30, 2011
Cash flows from operating activities:			
Net income	$ 447	$ 1,017	$ 747
Equity in earnings of Greenville Federal	(482)	(1,083)	(845)
Amortization of expense related to stock benefit plans	3	50	58
Increase in cash due to changes in:			
Prepaid expenses and other assets	(32)	6	(102)
Other liabilities	(14)	(31)	44
Net cash used in operating activities	(78)	(41)	(98)
Cash flows from investing activities			
Capital infusion to Greenville Federal	–	(2,000)	–
Loan principal repayments	234	274	–
Loan disbursements	–	(1,711)	–
Principal repayments on loan to ESOP	–	94	90
Net cash provided by(used in) investing activities	234	(3,343)	90
Cash flows from financing activities			
Proceeds from exercise of stock options	5	–	–
Treasury shares purchases	–	(62)	–
Dividends paid	(292)	(221)	(271)
Net cash used in financing activities	(287)	(283)	(271)
Net decrease in cash and cash equivalents	(131)	(3,667)	(279)
Cash and cash equivalents at beginning of year	1,874	5,541	5,820
Cash and cash equivalents at end of year	$ 1,743	$ 1,874	$ 5,541

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10:00 a.m., on May 30, 2013 at the main office of Greenville Federal, 690 Wagner Ave., Greenville, Ohio. Further information with regard to the meeting can be found in the proxy statement.

STOCK LISTING

Greenville Federal Financial Corporation common stock is traded on the OTC Bulletin Board under the symbol "GVFF."

SHAREHOLDER AND GENERAL INQUIRIES

Greenville Federal Financial Corporation
690 Wagner Avenue
Greenville, Ohio 45331
(937) 548-4158
Attn: Jeff Kniese or Susan Allread

TRANSFER AGENT

Illinois Stock Transfer
433 S. Carlton Avenue
Wheaton, IL 60187

OFFICE LOCATIONS

Main Office: 690 Wagner Avenue
Greenville, Ohio 45331
(937) 548-4158

Branch Office: Kroger Banking Center
200 Lease Avenue
Greenville, Ohio 45331
(937) 548-4158

Internet Banking: www.greenvillefederal.com

BOARD OF DIRECTORS

Jeff D. Kniese
President and Chief Executive Officer of
Greenville Federal Financial Corporation and Greenville Federal

Patrick R. Custenborder
Vice President of Phelan Insurance Agency

Ryan C. Dynes
Attorney for Dynes & Dynes, LLC

George S. Luce, Jr.
Salesperson for Best Equipment Company, Inc. (Distributor)

Richard J. O'Brien
Manager of Greenville Union Cemetery

Eunice F. Steinbrecher
Immediate PastChair of the Board for Messiah College
Land Development

Julie F. Strait
Accountant for Fry and Company and Ansonia First Church of God
Immediate Past Executive Director of Darke County Center for the Arts

James W. Ward (Chairman of the Board)
Certified Public Accountant for Fry and Company

EXECUTIVE OFFICERS OF THE CORPORATION

Jeff D. Kniese, President & CEO
Susan J. Allread, Chief Financial Officer, Treasurer, Senior Vice President, & Secretary

SPECIAL COUNSEL

Luse, Gorman, Pomerenk, & Schick, P.C.
5355 Wisconsin Ave., N.W.
Suite 780
Washington, D.C., 20015
(202) 274-2000

INDEPENDENT AUDITORS

Crowe Horwath LLP
One Columbus
10 West Broad Street
Columbus, Ohio 43215
(614) 469-0001

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Greenville Federal Financial Corporation
690 Wagner Avenue
Greenville, Ohio 45331
937-548-4158
www.greenvillefederal.com