GREENVILLE FEDERAL FINANCIAL CORPORATION

Since 1883

2011 Annual Report

GREENVILLE FEDERAL FINANCIAL CORPORATION
Greenville, Ohio

CONTENTS

Letter from the President and Chief Executive Officer

Dear Fellow Shareholders and Friends:

I am pleased to report our 2011 annual results as of June 30, 2011. This past year we saw our national economy continue with low growth and high unemployment. Home prices nationally and locally continue to decline, adding pressure to an already tough real estate market. As an industry, we also faced several additional regulatory mandates, which tend to increase operating expenses and add pressure to increase revenue. Despite considerable headwinds and challenges, Greenville Federal had one of its best years since opening for business in 1883.

In last year's report, I mentioned a major goal was to regain a positive earnings momentum, and that's exactly what we accomplished. Our new business model is working as planned, and we are constantly reviewing our strategy to maximize our potential and shareholder value. Pre-tax earnings were $1,062,000, compared to $227,000 last year. Fueling this earnings improvement was an increase in efficiency of how we operate our company, and strong loan demand. Counter to what may be reported in the media, loan demand at Greenville Federal has been strong. Total loans outstanding increased 10.0% this past fiscal year and new loan activity increased 70%, with the majority of that growth coming from owner-occupied 1-4 family real estate. Regardless of our volume of loans, we remain committed to only putting on quality loans and not just volume. Our loan quality continues to improve and remains a major part of our overall goal, and past due loans decreased this past year by 33%.

Our total assets increased to $129,774,000, an increase of over $6.2 million, or 5.1%. The majority of this growth came from an increase in new loans. On the liability side of the balance sheet, core deposits increased 17.1% in 2011 with more people and businesses moving their accounts to Greenville Federal. Advances from the Federal Home Loan Bank decreased 32.1%, which is a part of our strategy to fund our loan growth with core deposits versus borrowings. Increasing core relationships and becoming less reliant on Federal Home Loan Bank advances to fund our growth are both a part of our strategy for positive growth. We believe this is a more efficient way to fund our growth. Also, our capital position continues to qualify us to be deemed "well capitalized" by our primary federal regulator, the Office of Thrift Supervision, or the "OTS". Our core capital ratio is more than twice the minimum requirement, and we will continue to make maintenance of a strong capital position a key part of our overall strategy.

Our focus continues to be on our customers and shareholders as we continue to roll out new products and services. We expanded our ATM network adding a new drive-up ATM in the parking lot of Eikenberry's IGA and also placing a new ATM in the new Wayne Healthcare Emergency Department. Visa gift cards and pre-paid cards as well as our GF Remote Deposit Capture program were launched this past year. Our new Small Business and Commercial programs experienced positive growth as several new companies moved their banking relationships to Greenville Federal. We implemented a new payroll system and a new teller transaction capture system that will allow us greater functionality and performance at a lower cost. We also began the implementation of a new Loan Operating System which should be completed in our second fiscal quarter of 2012. We began the addition of a second drive thru lane at our Kroger Banking Center to better accommodate the increase in new customers. This project should be completed this month. As you can see, we continue to make changes that will allow us to better serve our customers and bring added value to our shareholders. We are excited about the future of Greenville Federal, and have positioned our company for future positive growth.

These are uncertain times in the financial services industry and many challenges lie ahead, but our company is poised for opportunity and has thrived in this challenging time. Our strong earnings are a direct result of the dedication and determination of all of our GF Teammates and Directors. Their efforts to carry out our new strategy and to deliver exceptional customer service are what make us different. As the oldest bank headquartered in Greenville, Ohio, we take great pride in knowing our community and our customers. From volunteering for The Great Darke County Fair to supporting numerous not-for-profit groups in Darke County, I am extremely proud of my GF Teammates for having such a positive impact on our community. I would like to thank all of my GF Teammates and Directors for their tireless efforts and passion to make Greenville Federal the best it can be, and I thank you, our shareholders, for your continued support. As a true local community bank, we are committed to doing what's right for our customers, our community, and our shareholders.

Sincerely,

Jeff D. Kniese
President & CEO

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Greenville Federal Financial Corporation
Greenville, Ohio

We have audited the accompanying consolidated balance sheets of Greenville Federal Financial Corporation as of June 30, 2011 and 2010 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
September 15, 2011

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
June 30, 2011 and 2010
(In thousands, except share data)

	2011	2010
Assets		
Cash and due from banks	$ 1,932	$ 3,417
Interest-bearing deposits in other financial institutions	4,327	4,517
Cash and cash equivalents	6,259	7,934
Investment securities available-for-sale, at fair value	10,464	11,460
Mortgage-backed securities held-to-maturity, at amortized cost (fair value of $969 and $1,347 at June 30, 2011 and 2010, respectively)	897	1,250
Loans receivable, net of allowance for loan losses of $651 and $1,115 at June 30, 2011 and 2010, respectively)	102,401	93,122
Office properties and equipment, net	1,786	1,833
Real estate acquired through foreclosure	217	7
Stock in Federal Home Loan Bank	2,003	2,003
Cash surrender value of life insurance	4,438	4,297
Deferred federal income taxes	253	399
Accrued interest receivable	445	450
Prepaid FDIC premiums	292	429
Prepaid expenses and other assets	319	344
Total assets	$ 129,774	$ 123,528
Liabilities and stockholders' equity		
Interest-bearing deposits	$ 88,592	$ 75,528
Noninterest-bearing deposits	5,851	5,155
Total deposits	94,443	80,683
Advances from the Federal Home Loan Bank	16,189	23,830
Advances by borrowers for taxes and insurance	160	414
Accrued interest payable	61	83
Accrued federal income taxes	146	256
Other liabilities	581	595
Total liabilities	111,580	105,861
Common stock – authorized 8,000,000 shares, $.01 par value; 2,298,411 shares issued; 2,096,196 outstanding	23	23
Additional paid-in capital	9,076	9,063
Treasury stock, at cost, 202,215 shares	(1,490)	(1,490)
Retained earnings, restricted	10,395	9,919
Unearned Employee Stock Ownership Plan shares	(361)	(451)
Accumulated other comprehensive income	551	603
Total stockholders' equity	18,194	17,667
Total liabilities and stockholders' equity	$ 129,774	$ 123,528

See accompanying notes to financial statements.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended June 30, 2011 and 2010
(In thousands, except share data)

	2011	2010
Interest income		
Loans	$ 5,634	$ 5,670
Mortgage-backed securities	55	81
Investment securities	293	427
Interest-bearing deposits and other	89	94
Total interest income	6,071	6,272
Interest expense		
Deposits	1,145	1,208
Borrowings	564	888
Total interest expense	1,709	2,096
Net interest income	4,362	4,176
Provision for loan losses	266	592
Net interest income after provision for loan losses	4,096	3,584
Noninterest income		
Customer service charges	525	553
Gain on sale of real estate acquired through foreclosure	15	8
Gain on sale of investments	56	36
Other	263	289
Total noninterest income	859	886
Noninterest expense		
Employee compensation and benefits	2,020	2,165
Occupancy and equipment	390	410
Franchise taxes	137	150
Data processing	391	339
Advertising	65	75
Provision for loss on real estate acquired through foreclosure	–	105
FDIC insurance premiums	147	173
Other	743	826
Total noninterest expense	3,893	4,243
Income before federal income taxes	1,062	227
Federal income taxes		
Current	169	252
Deferred	146	(223)
Total federal income taxes	315	29
Net income	$ 747	$ 198
Earnings per share, basic and diluted	$ 0.37	$ 0.09

See accompanying notes to financial statements.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended June 30, 2011 and 2010
(In thousands)

	2011	2010
Net income	$ 747	$ 198
Other comprehensive income		
Unrealized holding gains on available-for-sale securities	4	572
Reclassification adjustment for losses (gains) later recognized in income	(56)	(36)
Net unrealized gains (losses) on available-for-sale securities	(52)	536
Tax effect	–	–
Other comprehensive income	(52)	536
Comprehensive income	$ 695	$ 734

See accompanying notes to financial statements.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended June 30, 2011 and 2010
(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, 2009	$ 23	$ (4)	$ 9,051	$ 10,018	$ (541)	$ 67	$ 18,614
Unrealized gain on securities designated as available for sale, net of related taxes	-	-	-	-	-	536	536
Net income for the year ended June 30, 2010	-	-	-	198	-		198
Cash dividends paid of $.28 per share	-	-	-	(297)	-	-	(297)
Repurchase of 1,145 ESOP shares, now treasury shares	-	(5)	-	-	-	-	(5)
Repurchase of 200,510 shares through tender offer, now treasury shares	-	(1,481)	-	-	-	-	(1,481)
Amortization of ESOP expense	-	-	(42)	-	90	-	48
Expense recognized for 2006 equity plan trust	-	-	54	-	-	-	54
Balance, June 30, 2010	23	(1,490)	9,063	9,919	(451)	603	17,667
Unrealized gain on securities designated as available for sale, net of related taxes	-	-	-	-	-	(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

See accompanying notes to financial statements.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2011 and 2010
(In thousands)

	2011	2010
Cash flows from operating activities		
Net income	$ 747	$ 198
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	(3)	7
Amortization of deferred loan origination fees	(192)	(137)
Depreciation and amortization	110	143
Amortization of mortgage servicing rights	23	19
Amortization of ESOP expense	44	48
Gain on redemption of investment security	(56)	(36)
Provision for loan losses	266	592
Provision for losses on mortgage servicing rights	(4)	1
Provision for losses on real estate acquired through foreclosure	-	105
Gain on sale of real estate acquired through foreclosure	(15)	(8)
Deferred taxes	146	(223)
Amortization of expense related to stock benefit plans	59	54
Increase in cash surrender value of life insurance	(141)	(146)
Increase (decrease) in cash due to changes in:		
Accrued interest receivable	5	61
Prepaid expenses and other assets	33	(183)
Accrued interest payable	(22)	(28)
Other liabilities	(14)	(23)
Net cash provided by operating activities	986	444
Cash flows provided by (used in) investing activities		
Proceeds from redemption of investment securities designated as available-for-sale	1,000	1,000
Proceeds from repayment of mortgage-backed securities	356	576
Loan principal repayments	10,957	12,012
Loan disbursements	(20,589)	(14,033)
Purchase of office premises and equipment	(63)	(18)
Proceeds from sale of real estate acquired through foreclosure	84	562
Net cash provided by(used in) investing activities	(8,255)	99
Net cash provided by (used in) operating and investing activities	(7,269)	543

(Continued)

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
For the years ended June 30, 2011 and 2010
(In thousands)

	2011	2010
Cash flows provided by (used in) financing activities		
Net increase in deposit accounts	13,760	7,765
Proceeds from Federal Home Loan Bank advances	-	5,000
Repayment of Federal Home Loan Bank advances	(7,641)	(8,073)
Advances by borrowers for taxes and insurance	(254)	8
Purchase of treasury stock	-	(1,486)
Dividends paid on common stock	(271)	(297)
Net cash provided by financing activities	5,594	2,917
Increase (decrease) in cash and cash equivalents	(1,675)	3,460
Cash and cash equivalents at beginning of year	7,934	4,474
Cash and cash equivalents at end of year	$ 6,259	$ 7,934
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest on deposits and borrowings	$ 1,731	$ 2,053
Federal income taxes	255	-
Supplemental disclosure of noncash investing activities		
Transfers from loans to real estate acquired through foreclosure	$ 279	$ 212
Loans originated upon the sale of real estate acquired through foreclosure	76	108
Unrealized gains (losses) on securities designated as available-for-sale, net of related tax benefits	52	536

See accompanying notes to financial statements.

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 60.3% 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 Company has evaluated subsequent events for recognition and disclosure through September 15, 2011, 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, loan servicing rights, 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.

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. 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. Management 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 between the present value of the cash flows expected to be collected and the amortized cost basis.

(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 June 30, 2011 and 2010.

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).

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 lower of cost or fair value.

<u>Foreclosed Assets</u>: 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 recording 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.

<u>Premises and Equipment</u>: Office premises and equipment are carried at cost 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.

<u>Investment in Federal Home Loan Bank Stock</u>: 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 June 30, 2011, the FHLB placed no restrictions on redemption of shares in excess of a member's required investment in the stock.

<u>Company Owned Life Insurance</u>: 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.

<u>Stock-Based Compensation</u>: 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.

<u>Income Taxes</u>: 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 shareholders' 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 year, less shares in the Corporation's ESOP that are unallocated and not committed to be released.

For the fiscal year ended June 30, 2011, weighted-average shares outstanding were computed as follows: (1) 2,096,196 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) 12,908 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. Weighted-average shares outstanding totaled 2,041,624 for the fiscal year ended June 30, 2011. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. 48,946 shares of common stock 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 2,041,624 for the fiscal year ended June 30, 2011.

For the fiscal year ended June 30, 2010, weighted-average shares outstanding were computed as follows: (1) 2,176,644 shares were outstanding for the period from July 1, 2009 through June 30, 2010, (2) 50,674 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, 2010, and (3) 12,908 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. Weighted-average shares outstanding totaled 2,113,062 for the fiscal year ended June 30, 2010. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. 57,956 shares of common stock were not considered in computing diluted earnings per common share for 2010, because they were antidilutive. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,113,062 for the fiscal year ended June 30, 2010.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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
2011				
Available-for-sale:				
AMF ultra short mortgage fund	$ 9,913	$ 551	$ –	$ 10,464
2010				
Available-for-sale:				
AMF ultra short mortgage fund	$ 10,857	$ 603	$ –	$ 11,460

NOTE 2 – INVESTMENT AND MORTGAGE BACKED SECURITIES (Continued)

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

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
2011				
Federal Home Loan Mortgage Corporation participation certificates	$ 115	$ 3	$ –	$ 118
Federal National Mortgage Association participation certificates	443	38	–	481
Government National Mortgage Association participation certificates	339	31	–	370
	$ 897	$ 72	$ –	$ 969
2010				
Federal Home Loan Mortgage Corporation participation certificates	$ 135	$ 4	$ –	$ 139
Federal National Mortgage Association participation certificates	627	53	–	680
Government National Mortgage Association participation certificates	488	40	–	528
	$ 1,250	$ 97	$ –	$ 1,347

The amortized cost and estimated fair values of mortgage-backed securities at June 30, 2011 and 2010, 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.

	2011	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ –	$ –
Due after one year through five years	8	8
Due after five years through ten years	92	94
Due after ten years	797	867
	$ 897	$ 969

The Corporation had no securities in an unrealized loss position at June 30, 2011 or June 30, 2010.

NOTE 2 – INVESTMENT AND MORTGAGE BACKED SECURITIES (Continued)

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

	2011	2010
Proceeds	$ 1,000	$ 1,000
Gross gains	56	36
Gross losses	–	–

There were no securities pledged at June 30, 2011 or 2010. Securities eligible to be pledged at June 30, 2011 and 2010 had a carrying amount of $897,000 and $1.3 million.

NOTE 3 – LOANS

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

	2011	2010
Residential real estate		
One-to-four family	$ 90,407	$ 80,559
Multi-family	3,517	3,695
Construction	1,342	1,375
Nonresidential real estate	5,089	5,483
Nonresidential construction	495	–
Commercial	1,923	2,005
Consumer and other	2,000	2,342
Total loans	104,773	95,459
Less		
Unearned interest	4	6
Deferred loan origination fees, net	212	292
Allowance for loan losses	651	1,115
Undisbursed portion of loans in process	1,505	924
Net loans	$ 102,401	$ 93,122

At June 30, 2011 and 2010, there were no loans held for sale. Mortgage loans serviced for others are not reported as assets. The principal balance of these loans at June 30, 2011 and 2010 was approximately $4.8 million and $7.1 million, respectively. Servicing rights associated with the serviced loans totaled $36,000 and $54,000 at June 30, 2011 and 2010, respectively.

The activity in the allowance for loan losses for the fiscal years ended June 30 is summarized as follows (in thousands):

	2011	2010
Balance, beginning of year	$ 1,115	$ 577
Provision for loan losses	266	592
Charge-offs of loans	(751)	(75)
Recoveries of loans	21	21
Balance, end of year	$ 651	$ 1,115

(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 June 30, 2011. The recorded investment in loans includes the unpaid principal balance and $212,000 of unamortized deferred loan costs (fees). It was not practical to add accrued interest for the portfolio segments.

(In thousands)	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Auto	Land	Consumer Other	Unallocated	Total
Allowance for loan losses:								
Ending allowance balance attributable to loans:								
Individually evaluated for impairment	$ –	$ –	$ 101	$ –	$ –	$ –	$ –	$ 101
Collectively evaluated for impairment	13	113	387	24	1	12	–	550
Total ending allowance balance	$ 2	$ 56	$ 450	$ 42	$ –	$ 15	$ –	$ 651
Loans:								
Loans individually evaluated for impairment	$ –	$ –	$ 974	$ –	$ 70	$ –	$ –	$ 1,044
Loans collectively evaluated for impairment	691	6,231	93,049	1,329	248	672	–	102,220
Total ending loan balance	$ 691	$ 6,231	$ 94,093	$ 1,329	$ 248	$ 672	$ –	$ 103,264

(Continued)

NOTE 3 – LOANS (Continued)

Impaired loans were as follows (in thousands):

	2011	2010
Impaired loans with no allocated allowance for loan losses	$ 683	$ –
Impaired loans with allocated allowance for loan losses	361	751
Total	$ 1,044	$ 751
Amount of the allowance allocated to impaired loans	$ 101	$ 364
Average of individually impaired loans during year	$ 899	$ 764
Interest income recognized during impairment	$ 56	$ 54
Cash-basis interest income recognized	$ 32	$ 31

The following table presents loans individually evaluated for impairment by classof loans as of June 30, 2011 (in thousands):

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With no related allowance recorded:			
Residential real estate:			
1-4 family residential	$ 612	$ 613	$ –
Home equity line of credit	–	–	–
Commercial	–	–	–
Commercial real estate	–	–	–
Consumer auto	–	–	–
Land	70	70	–
Consumer other	–	–	–
With an allowance recorded:			
Residential real estate:			
1-4 family residential	360	361	101
Home equity line of credit	–	–	–
Commercial	–	–	–
Commercial real estate	–	–	–
Consumer auto	–	–	–
Land	–	–	–
Consumer other	–	–	–
Total	$ 1,042	$ 1,044	$ 101

(Continued)

NOTE 3 – LOANS (Continued)

Nonaccrual loans and loans past due 90 days still on accrual were as follows (in thousands):

	2011	2010
Loans past due over 90 days still on accrual	$ 412	$ 383
Nonaccrual loans	455	1,230

Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

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 June 30, 2011 (in thousands):

	Nonaccrual	Loans Past Due Over 90 Days Still Accruing
Residential real estate:		
1-4 family residential	$ 454	$ 357
Home equity line of credit	–	54
Commercial	–	–
Commercial real estate	–	–
Consumer auto	–	–
Land	–	–
Consumer other	1	1
Total	$ 455	$ 412

The following table presents the aging of the recorded investment in past due loans as of June 30, 2011 by class of loans (in thousands):

	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due	Total
Residential real estate:						
1-4 family residential	$ 449	$ 471	$ 811	$ 1,731	$ 89,497	$ 91,228
Home equity line of credit	–	–	54	54	2,811	2,865
Commercial	–	–	–	–	691	691
Commercial real estate	–	–	–	–	6,231	6,231
Consumer auto	–	16	2	18	1,311	1,329
Land	–	70	–	70	178	248
Consumer other	–	2	–	2	670	672
Total	$ 449	$ 559	$ 867	$ 1,875	$ 101,389	$ 103,264

(Continued)

NOTE 3 – LOANS (Continued)

Troubled Debt Restructurings:

The Company has allocated $37,000 and $18,000 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of June 30, 2011 and 2010. The Company has not committed to lend additional amounts as of June 30, 2011 and 2010 to customers with outstanding loans that are classified as troubled debt restructurings.

Credit Quality Indicators:

The Company 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 Company 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 Company 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 lossis 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.

(Continued)

NOTE 3 – LOANS (Continued)

Loans listed as not rated are performing or are included in groups of homogeneous loans. As of June 30, 2011, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Loss	Not Rated
Residential real estate:						
1-4 family real estate	$ –	$ 1,256	$ 986	$ –	$ 101	$ 88,885
Home equity line of credit	–	54	–	–	–	2,811
Commercial	691	–	–	–	–	–
Commercial real estate	6,231	–	–	–	–	–
Consumer auto	–	9	1	–	1	1,318
Land	–	70	–	–	–	178
Consumer other	–	–	–	–	–	672
Total	$ 6,922	$ 1,389	$ 987	$ –	$ 102	$ 93,864

Loans to executive officers, directors and companies with which they are affiliated totaled $959,000 at June 30, 2011 and $755,000 at June 30, 2010.

NOTE 4 – PREMISES AND EQUIPMENT

Year end premises and equipment was as follows (in thousands):

	2011	2010
Land	$ 572	$ 572
Leasehold improvements	204	204
Buildings and improvements	1,724	1,721
Furniture and equipment	1,792	1,732
Vehicles	13	13
	4,305	4,242
Less accumulated depreciation and amortization	(2,519)	(2,409)
Net premises and equipment	$ 1,786	$ 1,833

The Corporation conducts a portion of its operations in leased facilities under a noncancelable operating lease scheduled to expire in fiscal 2013. The Corporation has an option to renew the lease for two more years at $56,400 annually. Total rental expense for June 30, 2011 and 2010 was $53,200 and $51,600, respectively. The minimum rental commitment under operating leases was as follows, before considering the renewal option:

Year ending June 30,	(in thousands)
2012	$ 54
2013	18
	$ 72

NOTE 5 – FEDERAL INCOME TAXES

The provision for federal income taxes differs from that computed at the statutory corporate rate for the fiscal years ended June 30 as follows (in thousands):

	2011	2010
Federal income taxes computed at 34% statutory rate	$ 361	$ 77
Increase (decrease) in taxes resulting from:		
Increase in cash surrender value of life insurance	(48)	(49)
Change in valuation allowance on deferred tax assets	(19)	(10)
Other	21	11
Federal income taxes	$ 315	$ 29
Effective rate of tax	29.7%	12.8%

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

	2011	2010
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	(33)	(70)
Mortgage servicing rights	(12)	(18)
Prepaid expenses and other	(25)	(24)
Total deferred tax liabilities	(494)	(536)
Deferred tax assets		
General loan loss allowance	213	371
Deferred loan origination fees	28	38
Other-than-temporary impairment loss	1,389	1,522
Capital loss carry-forward	332	219
Nonaccrual loan interest	17	26
Employee stock ownership plan	12	18
Accrued compensation	40	61
Equity based compensation	14	9
Other	15	3
Gross deferred tax assets	2,060	2,267
Less: valuation allowance	(1,313)	(1,332)
Total deferred tax assets, net	747	935
Net deferred tax asset	$ 253	$ 399

(Continued)

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

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. Should additional loss be realized upon redemption of the security, since the loss will be capital in nature, it may only be deducted to the extent the Corporation has capital gains. At June 30, 2011, the Corporation had $977,681 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 June 30, 2014 and $361,468 at June 30, 2015, and $333,324 at June 30,2016.

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 June 30, 2011, 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 June 30, 2011. 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.

At June 30, 2011 and June 30, 2010 the corporation had no unrecognized tax benefits recorded. 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 2007. The years 2007-2009 remain open to examination by U.S. taxing authorities. During fiscal year 2011, the Corporation completed the examination of its 2008 federal tax return with the Internal Revenue Service with no material adjustments.

NOTE 6 – DEPOSITS

Year-end deposits were as follows (in thousands):

	2011	2010
Noninterest-bearing demand deposits	$ 5,851	$ 5,155
NOW accounts	5,105	4,461
Money market accounts	280	349
Savings accounts	22,384	21,216
Certificates of deposit	60,823	49,502
Total deposit accounts	$ 94,443	$ 80,683

The Corporation had certificate of deposit accounts with balances in excess of $100,000 totaling approximately $19.9 million and $11.2 million at June 30, 2011 and 2010 respectively. Deposits in excess of $250,000 are not insured by the FDIC. Related party deposits were $743,000 and $652,000 at June 30, 2011 and 2010.

NOTE 6 – DEPOSITS (Continued)

Interest expense on deposits is summarized as follows for the years ended June 30 (in thousands):

	2011	2010
Demand, transaction and savings accounts	$ 52	$ 70
Certificate of deposit accounts	1,093	1,138
Balance at end of year	$ 1,145	$ 1,208

Maturities of certificate of deposit accounts as of June 30 are as follows (in thousands):

2012	$ 39,575
2013	10,958
2014	3,215
2015	4,605
2016	2,470
	$ 60,823

NOTE 7 – BORROWED FUNDS

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

	2011	2010
Fixed rate advances with rates ranging from 1.50% to 3.42%, maturities ranging from August 2011 to June 2014 for 2011 and rates ranging from 0.56% to 4.40%, maturities ranging from July 2010 to June 2014 for 2010	$ 5,000	$ 9,000
Select pay mortgage-matched advances with rates ranging from 2.77% to 6.15%, maturities ranging from July 2011 to February 2029 for 2011 and 2010	11,189	14,830
Balance at end of year	$ 16,189	$ 23,830

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.

Maturities of FHLB advances for the next five years and thereafter were as follows (in thousands):

2012	$ 3,460
2013	4,727
2014	2,374
2015	1,307
2016	1,254
Thereafter	3,067
	$ 16,189

(Continued)

NOTE 7 – BORROWED FUNDS (Continued)

Advances under the borrowing agreements were collateralized by the Association's FHLB stock owned and $34.7million and $29.5 million of qualifying mortgage loans at year-end 2011 and 2010.

The Corporation has a line of credit with the FHLB of $16,000,000 that can be used to guarantee public deposits over the FDIC insurance limit of $250,000. At June 30, 2011, the Corporation had letters of credit outstanding for $11,850,000 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 $67,000 and $57,000 for fiscal years ended June 30, 2011 and 2010, 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 $412,000 at June 30, 2011. The Corporation recorded expense for the ESOP of approximately $44,000 and $48,000 for the fiscal years ended June 30, 2011 and 2010, respectively.

	2011	2010
Allocated shares	52,354	43,344
Unallocated shares	36,039	45,049
Total ESOP shares	88,393	88,393
Fair value of unallocated shares at June 30 (in thousands)	$ 162	$ 225

The Corporation is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. In March 2010 and February 2009, 1,145 shares and 560 shares, respectively, were repurchased from former employees. At June 30, 2011, the fair value of the 52,354 allocated shares held by the ESOP was approximately $235,593. This amount represents the repurchase obligation of the Corporation.

(Continued)

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, awards were made to members of the Board of Directors and executive officers totaling 25,700 shares. Effective January 25, 2008, awards were made to an executive officer totaling 4,200 shares. Effective May 1, 2009, 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 expensefor the awards totaled approximately $41,000 and $44,000 for the fiscal years ended June 30, 2011 and June 30, 2010, respectively. During fiscal year 2009, an award of 8,960 shares was forfeited upon an employee's retirement. During fiscal year 2011, an award of 800 shares was forfeited upon a director's retirement.

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 that used the assumptions noted in the table below. 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 or exercised during the fiscal year ended June 30, 2011. There were 2,000 shares forfeited during fiscal year 2011, upon a director's retirement. At June 30, 2011, there were exercisable options to purchase 44,640 shares at a weighted-average exercise price of $9.45.

Compensation expense for the awards totaled approximately $13,000 for the fiscal year ended June 30, 2011 and $15,000 for the fiscal year ended June 30, 2010.

As of June 30, 2011, there was approximately $92,000 of total unrecognized compensation cost related to nonvested options granted under the 2006 Equity Plan. This cost will be recognized over the next three fiscal years at approximately $70,000, $14,000 and $8,000, respectively.

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.

(Continued)

NOTE 10 – REGULATORY MATTERS

Greenville Federal wassubject to the regulatory capital requirements of the Office of Thrift Supervision (the "OTS") through July 21, 2011, after which the Office of the Comptroller of the Currency (the "OCC") assumed this authority upon the dissolution of the OTS. 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.

Such minimum capital standards generally require the maintenance of regulatory capital sufficient to meet each of three tests, hereinafter described as the tangible capital requirement, the core capital requirement and the risk-based capital requirement. The tangible capital requirement provides for minimum tangible capital (defined as stockholders' equity less all intangible assets) equal to 1.5% of adjusted total assets. The core capital requirement provides for minimum core capital (tangible capital plus qualifying intangible assets) generally equal to 4.0% of adjusted total assets, except for those savings institutions with the highest examination rating and acceptable levels of risk. The risk-based capital requirement provides for the maintenance of core capital plus general loss allowances equal to 8.0% of risk-weighted assets. In computing risk-weighted assets, Greenville Federal multiplies the value of each asset on its statement of financial condition by a defined risk-weighting factor, e.g., one- to four-family residential loans carry a risk-weighted factor of 50%.

As of June 30, 2011, 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 June 30, 2011 and 2010, 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
2011						
Tangible capital (to risk-weighted assets)	$ 11,555	9.0%	$ 1,935	1.5%	$ 6,449	5.0%
Core capital (to risk-weighted assets	11,555	9.0	5,159	4.0	7,738	6.0
Risk-based capital (to adjusted total assets)	12,060	14.9	6,462	8.0	8,078	10.0
2010						
Tangible capital (to risk-weighted assets)	$ 10,664	8.7%	$ 1,838	1.5%	$ 6,128	5.0%
Core capital (to risk-weighted assets	10,664	8.7	4,903	4.0	7,354	6.0
Risk-based capital (to adjusted total assets)	11,287	14.5	6,250	8.0	7,813	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 fiscal 2011, 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 OCC does not object to such waiver. Pursuant to these provisions, Greenville Federal waived $156,000 and $303,000 in dividends during the fiscal year ended June 30, 2011 and 2010, respectively.

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):

	2011	2010
1-4 family residential real estate, fixed rate	$ 551	$ 1,564
1-4 family residential real estate, variable rate	130	173
Commercial real estate, fixed rate	–	50
Commercial real estate, variable rate	510	–
Commercial lines of credit, variable rate	112	83
Home equity lines of credit, fixed rate	43	230
Home equity lines of credit, variable rate	2,513	2,296
Stand-by letters of credit	31	20
	$ 3,890	$ 4,416

The interest rate on fixed-rate commitments ranged from 2.000% to 6.875% at June 30, 2011 and 4.375% to 7.125% at June 30, 2010. 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. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include the AMF Ultra Short Mortgage Fund (the "Fund") based on the net asset value of the fund.

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)
June 30, 2011			
AMF Ultra Short Mortgage Fund	$ –	$ 10,464	$ –
June 30, 2010			
AMF Ultra Short Mortgage Fund	$ –	$ 11,460	$ –

(Continued)

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (Continued)

Assets and liabilities measured at fair value on a non-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)
June 30, 2011			
Impaired loans:			
1-4 family residential	$ –	$ –	$ 259
Other real estate owned	–	–	154
June 30, 2010			
Impaired loans	$ –	$ –	$ 387
Other real estate owned	–	–	7

Impaired loans, which are usually measured for impairment using the fair value of the collateral, had a principal balance of approximately $360,000 with a specific valuation allowance of $101,000, resulting in $60,000 of additional provision for loan losses for the fiscal year ended June 30, 2011. At June 30, 2010, impaired loans had principal balance of approximately $751,000 with a specific valuation allowance of $364,000, resulting in an additional provision for loan losses of $350,000.

Other real estate owned, which is measured at the lower of carrying or fair value less costs to sell, had a net carrying amount of approximately $154,000 at June 30, 2011, net of valuation allowances of $46,000 at June 30, 2011, resulting in a write down of $46,000 for the year ended June 30, 2011. Other real estate owned which is measured at the lower of carrying or fair value less costs to sell, had a net carrying amount of approximately $7,000 at June 30, 2010, net of valuation allowances of $11,000 at June 30, 2010, resulting in a write down of $11,000 for the year ended June 30, 2010.

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

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 6,259	$ 6,259	$ 7,934	$ 7,934
Investment securities available for sale	10,464	10,464	11,460	11,460
Mortgage-backed securities	897	969	1,250	1,347
Loans receivable	102,401	111,605	93,122	100,739
Federal Home Loan Bank stock	2,003	N/A	2,003	N/A
Accrued interest receivable	445	445	450	450

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (Continued)

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Deposits	$ 94,443	$ 95,785	$ 80,683	$ 81,724
Advances from the Federal Home Loan Bank	16,189	16,771	23,830	24,473
Advances by borrowers for taxes and insurance	160	160	414	414
Accrued interest payable	61	61	83	83

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments at June 30, 2011 and 2010:

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.

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 June 30, 2011 and 2010. 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.

(Continued)

NOTE 13 – SUBSEQUENT EVENTS

On July 21, 2011, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Office of the Comptroller of the Currency (OCC) assumed responsibility from the Office of Thrift Supervision (OTS) for the ongoing examination, supervision, and regulation of federal savings associations and rulemaking for all savings associations, state and federal. The Corporation is now regulated by the OCC.

NOTE 14 – GREENVILLE FEDERAL FINANCIAL CORPORATION CONDENSED FINANCIAL STATEMENTS

The following condensed financial statements summarize the financial position of Greenville Federal Financial Corporation as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the fiscal years then ended.

Greenville Federal Financial Corporation
Balance Sheets
June 30, 2011 and 2010
(In thousands)

	2011	2010
Assets		
Interest-bearing deposits in Greenville Federal	$ 5,535	$ 5,087
Demand deposits in Greenville Federal	6	13
Cash and cash equivalents	5,541	5,820
Loans receivable from ESOP	412	501
Prepaid expenses and other assets	156	105
Receivable from Greenville Federal	51	-
Investment in Greenville Federal	12,109	11,272
Total assets	$ 18,269	$ 17,698
Liabilities and stockholders' equity		
Accrued expenses and other liabilities	$ 75	$ 31
Stockholders' equity		
Common stock and additional paid-in capital	9,099	9,086
Treasury stock	(1,490)	(1,490)
Retained earnings	10,395	9,919
Shares acquired by employee stock ownership plan	(361)	(451)
Unrealized gains on securities designated as available-for-sale, net of tax effects	551	603
Total stockholders' equity	18,194	17,667
Total liabilities and stockholders' equity	$ 18,269	$ 17,698

(Continued)

NOTE 14 – GREENVILLE FEDERAL FINANCIAL CORPORATION CONDENSED FINANCIAL STATEMENTS (Continued)

Greenville Federal Financial Corporation
Statements of Income
Years ended June 30, 2011 and 2010
(In thousands)

	2011	2010
Revenue		
Interest income	$ 44	$ 71
Equity in earnings of Greenville Federal	846	325
Total income	890	396
General and administrative expenses	194	263
Income before income taxes	696	133
Income taxes (benefits)	(51)	(65)
Net income	$ 747	$ 198

Greenville Federal Financial Corporation
Statements of Cash Flows
Years ended June 30, 2011 and 2010
(In thousands)

	2011	2010
Cash flows from operating activities:		
Net income	$ 747	$ 198
Equity in undistributed loss of Greenville Federal	(845)	(325)
Amortization of expense related to stock benefit plans	58	54
Increase in cash due to changes in:		
Prepaid expenses and other assets	(102)	127
Other liabilities	44	(27)
Net cash provided by (used in) operating activities	(98)	27
Cash flows from investing activities		
Principal repayments on loan to ESOP	90	84
Net cash provided by investing activities	90	84
Cash flows fromfinancing activities		
Treasury shares	–	(1,486)
Dividends paid	(271)	(297)
Net cash used in financing activities	(271)	(1,783)
Net decrease in cash and cash equivalents	(279)	(1,672)
Cash and cash equivalents at beginning of year	5,820	7,492
Cash and cash equivalents at end of year	$ 5,541	$ 5,820

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10:00a.m., on November 1, 2011 at Romer's Catering, 118 E. Main St., 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
209 West Jackson Boulevard
Suite 903
Chicago, IL 60606-6905

OFFICE LOCATIONS

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Internet Banking: www.greenvillefederal.com

BOARD OF DIRECTORS

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

Ryan C. Dynes
Attorney for Dynes & Dynes

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

Richard J. O'Brien
Manager of Greenville Union Cemetery

Eunice F. Steinbrecher
Chair of the Board for Messiah College; Real Estate Managementand Investment

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

David R. Wolverton
Retired, President and Chief Executive Officer Greenville Federal

EXECUTIVE OFFICERS OF THE CORPORATION

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

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