Greenville Federal Financial Corporation

Since 1883

2010 Annual Report

Greenville Federal Financial Corporation
June 30, 2010 and 2009

CONTENTS

Letter from the President and Chief Executive Officer

Dear Fellow Stockholders and Friends:

The 2010 Annual Report of Greenville Federal Financial Corporation highlights many of the accomplishments we set out to achieve one year ago. One of those goals was to regain a positive earnings momentum, and we achieved that with a profit of $198,000 as compared to a net loss of $3.2 million in 2009 and a net loss of $923,000 in 2008. These positive results were achieved by implementing an improved business model and countless hours of hard work from our dedicated teammates. While we did achieve these positive results, we continue to closely monitor our loan portfolio and, in anticipation of any possible losses, have increased our provision for loan losses to $592,000. The additional provision is a direct result of the economy and real estate values, both of which continue to be a challenge for all areas we serve, as well as an increase in nonaccrual loans. Although our nonaccrual loans increased during fiscal year 2010, our total past due loans, which include accruing and non-accruing loans, improved 25% compared to fiscal year end 2009. We will continue to make asset quality a major focus of our strategy.

On the asset side of the balance sheet, we continue to achieve solid loan origination results; our loan originations increased for fiscal 2010 compared to 2009, even as the reality of a weak real estate market continues to be a challenge for the markets we serve. We predict these challenges, along with interest margins, earnings, and loan quality pressure, will continue through 2011. On the liability side, we achieved meaningful growth in core deposits of greater than 10%, which was in line with our expectations and strategy and indicates more people are moving their banking relationships to Greenville Federal. We were able to then use some of the additional liquidity to pay down FHLB advances carrying a higher interest rate.

Looking forward to our next fiscal year, 2011 will challenge us much like 2010, but we have the structure in place to continue the improvements we set out to accomplish back in 2009. Despite all of the economic concerns and credit issues facing the banking industry, Greenville Federal is now poised to capture opportunities we believe are prudent and a quality fit with our strategy for growth. Having a strong capital position is a key component of our strategy, and our bank's capital meets the requirements for the bank to be deemed "well capitalized" by the Office of Thrift Supervision (the "OTS"). Our core capital ratio continues to be more than double the OTS minimum requirement. We achieved improvement in all of the key risk-based capital ratios compared to our 2009 results. We are a safe and secure local bank with a commitment to our community, and we work hard to provide a sense of comfort to everyone who does their banking at Greenville Federal – the comfort of knowing we have been here for over 127 years and will continue to be here for years to come.

Did you know we don't have "employees" anymore at Greenville Federal? We certainly have the same friendly faces that have been here for quite some time, but we now refer to our coworkers as "teammates". We feel we are all working together as a team to accomplish our goals and to provide all of our customers with the best products and services they deserve, so "teammates" better describes our banking professionals. On this note, I would like to express my sincere appreciation to all of our dedicated GF teammates and directors for all of their efforts in achieving positive year-end results and for their continued commitment to our community. From supporting The Great Darke County Fair to supporting the many non-profits in our community, we all share the same passion and goals which are to be a positive supporter of our local businesses, schools, non-profits and community as a whole.

As the oldest bank headquartered in Greenville, Ohio, we are proud of our heritage and of the relationships we have forged within our community over the years. Thank you for your continued support of Greenville Federal – your local community bank.

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 sheet of Greenville Federal Financial Corporation as of June 30, 2010 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the year 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 audit. The financial statements of Greenville Federal Financial Corporation as of and for the year ended June 30, 2009 were audited by other auditors whose report dated September 28, 2009 expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
September 17, 2010

Greenville Federal Financial Corporation

Consolidated Balance Sheets

June 30, 2010 and 2009

(In thousands, except share data)

	2010	2009
Assets		
Cash and due from banks	$ 3,417	$ 1,870
Interest-bearing deposits in other financial institutions	4,517	2,604
Cash and cash equivalents	7,934	4,474
Investment securities available for sale – at fair value	11,460	11,888
Investment securities held to maturity – at amortized cost (fair value of $11 at June 30, 2009)	—	11
Mortgage-backed securities held to maturity – at amortized cost (fair value of $1,347 and $1,893 at June 30, 2010 and 2009)	1,250	1,822
Loans receivable – net of allowance for loans losses of $1,115 and $577 at June 30, 2010 and 2009, respectively	93,122	91,663
Office premises and equipment – net	1,833	1,958
Real estate acquired through foreclosure	7	559
Stock in Federal Home Loan Bank	2,003	2,003
Cash surrender value of life insurance	4,297	4,151
Accrued interest receivable	450	511
Deferred federal income taxes	143	176
Prepaid FDIC premiums	429	—
Prepaid expenses and other assets	344	354
Total assets	$ 123,272	$ 119,570
Liabilities and Stockholders' Equity		
Interest-bearing deposits	$ 75,528	$ 68,086
Noninterest-bearing deposits	5,155	4,832
Total deposits	80,683	72,918
Advances from the Federal Home Loan Bank	23,830	26,903
Advances by borrowers for taxes and insurance	414	406
Accrued interest payable	83	111
Other liabilities	595	618
Total liabilities	105,605	100,956
Commitments and Contingencies	—	—
Common stock – authorized 8,000,000 shares, $.01 par value; 2,298,411 shares issued; 2,096,196 and 2,297,851 outstanding in 2010 and 2009	23	23
Additional paid-in capital	9,063	9,051
Treasury Stock, at cost, 202,215 and 560 shares in 2010 and 2009	(1,490)	(4)
Retained earnings – restricted	9,919	10,018
Unearned Employee Stock Ownership Plan shares	(451)	(541)
Accumulated other comprehensive income	603	67
Total stockholders' equity	17,667	18,614
Total liabilities and stockholders' equity	$ 123,272	$ 119,570

See Notes to Consolidated Financial Statements

Greenville Federal Financial Corporation

Consolidated Statements of Operations

For the years ended June 30, 2010 and 2009

(In thousands, except share data)

	2010	2009
Interest Income		
Loans	$ 5,670	$ 5,982
Mortgage-backed securities	81	97
Investment securities	427	611
Interest-bearing deposits and other	94	119
Total interest income	6,272	6,809
Interest Expense		
Deposits	1,208	1,616
Borrowings	888	895
Total interest expense	2,096	2,511
Net Interest Income	4,176	4,298
Provision for Loan Losses	592	155
Net Interest Income After Provision for Loan Losses	3,584	4,143
Other Income		
Customer service charges	553	572
Gain on sale of real estate acquired through foreclosure	8	6
Gain (loss) on sale of investments	36	(6)
Other operating	289	265
Total other income	886	837
General, Administrative and Other Expense		
Employee compensation and benefits	2,165	2,426
Occupancy and equipment	410	434
Franchise taxes	150	190
Data processing	339	408
Advertising	75	62
Impairment charge on investment securities	—	3,329
Provision for loss on real estate acquired through foreclosure	105	211
FDIC insurance premiums	173	137
Other operating	826	972
Total general, administrative and other expense	4,243	8,169
Income (Loss) Before Federal Income Taxes (Benefits)	227	(3,189)
Federal Income Taxes (Benefits)		
Current	29	(36)
Deferred	—	—
Total federal income taxes (benefits)	29	(36)
Net Income (Loss)	$ 198	$ (3,153)
Earnings (Loss) Per Share – Basic and Diluted	$ 0.09	$ (1.42)

See Notes to Consolidated Financial Statements

Greenville Federal Financial Corporation
Consolidated Statements of Comprehensive Income (Loss)
For the years ended June 30, 2010 and 2009
(In thousands)

	2010	2009
Net Income (loss)	$ 198	$ (3,153)
Other Comprehensive income:		
Unrealized holding gains (losses) on available-for-sale securities	572	(3,256)
Reclassification adjustment for (gains) losses later recognized in income	(36)	3,323
Net unrealized gains (losses) on available-for-sale securities	536	67
Tax effect	—	—
Net of tax amount	536	67
Comprehensive income (loss)	$ 734	$ (3,086)

See Notes to Consolidated Financial Statements

Greenville Federal Financial Corporation
Consolidated Statements of Stockholders' Equity
For the years ended June 30, 2010 and 2009
(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, 2008	$ 23	$ —	$ 9,021	$ 13,443	$ (631)	$ —	$ 21,856
Unrealized gain on securities designated as available for sale, net of related taxes	—	—	—	—	—	67	67
Net loss for the year ended June 30, 2009	—	—	—	(3,153)	—	—	(3,153)
Cash dividends paid of $.28 per share	—	—	—	(272)	—	—	(272)
Repurchase of 560 ESOP shares, now Treasury shares	—	(4)	—	—	--	—	(4)
Amortization of ESOP expense	—	—	(43)	—	90	—	47
Expense recognized for 2006 equity plan trust	—	—	73	—	—	—	73
Balance, June 30, 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

See Notes to Consolidated Financial Statements

Greenville Federal Financial Corporation

Consolidated Statements of Cash Flows

For the years ended June 30, 2010 and 2009

(In thousands)

	2010	2009
Cash Flows from Operating Activities		
Net income (loss)	$ 198	$ (3,153)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Accretion and amortization of premiums and discounts on investment and mortgage-backed securities – net	7	(4)
Amortization of deferred loan origination fees	(137)	(121)
Depreciation and amortization	143	135
Amortization of mortgage servicing rights	19	32
Amortization of ESOP expense	48	47
Other-than-temporary impairment charge on investment securities	—	3,329
Loss (gain) on redemption of investment security	(36)	6
Provision for loan losses	592	155
Provision for losses on mortgage servicing rights	1	2
Provision for losses on real estate acquired through foreclosure	105	211
Gain on sale of real estate acquired through foreclosure	(8)	(6)
Amortization of expense related to stock benefit plans	54	73
Federal Home Loan Bank stock dividends	—	(27)
Increase in cash surrender value of life insurance	(146)	(149)
Increase (decrease) in cash due to changes in:		
Accrued interest receivable	61	38
Prepaid expenses and other assets	(406)	(82)
Accrued interest payable	(28)	(104)
Other liabilities	(23)	(73)
Federal income taxes		
Current	—	(55)
Deferred	—	—
Net cash provided by operating activities	444	254
Cash Flows Provided by (Used in) Investing Activities		
Purchases of investment securities designated as available for sale	—	—
Purchases of mortgage securities designated as held to maturity	—	(1,004)
Proceeds from redemption of investment securities designated as available for sale	1,000	1,000
Proceeds from maturity of investment securities designated as held to maturity	—	2,010
Proceeds from repayment of mortgage-backed securities	576	466
Loan principal repayments	12,012	12,955
Loan disbursements	(14,033)	(15,179)
Purchase of office premises and equipment	(18)	(186)
Additions to real estate acquired through foreclosure	—	(14)
Proceeds from sale of real estate acquired through foreclosure	562	310
Net cash provided by investing activities	99	358
Net cash provided by operating and investing activities (subtotal carried forward)	543	612

See Notes to Consolidated Financial Statements

Greenville Federal Financial Corporation
Consolidated Statements of Cash Flows
For the years ended June 30, 2010 and 2009
(In thousands)

	2010	2009
Net cash provided by operating and investing activities (subtotal brought forward)	$ 543	$ 612
Cash Flows Provided by (Used in) Financing Activities		
Net increase (decrease) in deposit accounts	7,765	(10,779)
Proceeds from Federal Home Loan Bank advances	5,000	11,750
Repayment of Federal Home Loan Bank advances	(8,073)	(4,061)
Advances by borrowers for taxes and insurance	8	8
Purchase of Treasury Stock	(1,486)	(4)
Dividends paid on common stock	(297)	(272)
Net cash provided by (used in) financing activities	2,917	(3,358)
Increase (Decrease) in Cash and Cash Equivalents	3,460	(2,746)
Cash and Cash Equivalents, Beginning of Year	4,474	7,220
Cash and Cash Equivalents, End of Year	$ 7,934	$ 4,474
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest on deposits and borrowings	$ 2,053	$ 2,615
Federal income taxes	$ —	$ 92
Supplemental Disclosure of Noncash Investing Activities		
Transfers from loans to real estate acquired through foreclosure	$ 212	$ 378
Loans originated upon sale of real estate acquired through foreclosure	$ 108	$ —
Unrealized gains on securities designated as available for sale, net of related tax benefits	$ 536	$ 67

See Notes to Consolidated 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 55% of GFFC's 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 17, 2010, 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, 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 collectibility 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, 2010 and 2009.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Foreclosed Assets: Real estate acquired through foreclosure is carried at the lower of the loan's unpaid principal balance (cost) or 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 lower of cost or 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 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 June 30, 2010, 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2010, weighted-average shares outstanding were computed as follows: (1) 2,176,644 shares were issued 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. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,113,062 for the fiscal year ended June 30, 2010.

For the fiscal year ended June 30, 2009, weighted-average shares outstanding were computed as follows: (1) 2,298,210 shares were issued for the period from July 1, 2008 through June 30, 2009, (2) 59,684 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, 2009, and (3) 14,792 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

considered outstanding. Weighted-average shares outstanding totaled 2,223,734 for the fiscal year ended June 30, 2009. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,223,734 for the fiscal year ended June 30, 2009.

Options to purchase 52,400 shares of common stock at $9.45 per share and 28,000 shares at $4.13 per share were outstanding at June 30, 2009, but were excluded from the computation of diluted earnings per share because the exercise price was greater than the average fair value of the common shares.

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, gross unrealized gains, gross unrealized losses and estimated fair value of investment securities at June 30 are shown below.

	June 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Available for Sale:				
AMF Ultra Short Mortgage Fund	$ 10,857	$ 603	$ —	$ 11,460

	June 30, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Available for Sale:				
AMF Ultra Short Mortgage Fund	$ 11,821	$ 67	$ —	$ 11,888
Held to Maturity:				
Municipal obligations	$ 11	$ —	$ —	$ 11

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.

	June 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
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
Total mortgage-backed securities	$ 1,250	$ 97	$ —	$ 1,347

NOTE 2 – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

	June 30, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Federal Home Loan Mortgage Corporation participation certificates	$ 155	$ —	$ —	$ 155
Federal National Mortgage Association participation certificates	881	42	—	923
Government National Mortgage Association participation certificates	786	29	—	815
Total mortgage-backed securities	$ 1,822	$ 72	$ —	$ 1,893

The amortized cost and estimated fair values of mortgage-backed securities at June 30, 2010 and 2009, by contractual term to maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may generally prepay obligations without prepayment penalties.

	2010	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ —	$ —
Due after one year through five years	—	—
Due after five years through ten years	117	120
Due after ten years	1,133	1,227
	$ 1,250	$ 1,347

The Corporation had no securities in an unrealized loss position at June 30, 2010 or June 30, 2009.

NOTE 2 – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

The proceeds from sales of securities and the associated gains are listed below:

	2010	2009
	(In thousands)	
Proceeds	$ 1,000	$ 1,000
Gross gains	36	3
Gross losses	—	(10)

Securities pledged at June 30, 2010 and 2009 had a carrying amount of $1.3 million and $1.8 million and were pledged to secure public deposits and repurchase agreements.

NOTE 3 – LOANS

The composition of the loan portfolio at June 30 is as follows:

	2010	2009
	(In thousands)	
Residential real estate		
One- to four-family	$ 80,559	$ 77,866
Multi-family	3,695	3,825
Construction	1,375	686
Nonresidential real estate	5,483	5,793
Commercial	2,005	2,270
Consumer and other	2,342	2,710
Total loans	95,459	93,150
Less		
Unearned interest	6	10
Deferred loan origination fees, net	292	338
Allowance for loan losses	1,115	577
Undisbursed portion of loans in process	924	562
Net loans	$ 93,122	$ 91,663

At June 30, 2010 and 2009, 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, 2010 and 2009 was approximately $7.1 million and $9.1 million, respectively. Servicing rights associated with the serviced loans totaled $54,000 and $74,000 at June 30, 2010 and 2009, respectively.

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

	2010	2009
	(In thousands)	
Balance, beginning of year	$ 577	$ 583
Provision for loan losses	592	155
Charge-offs of loans	(75)	(171)
Recoveries of loans	21	10
Balance, end of year	$ 1,115	$ 577

NOTE 3 – LOANS (continued)

Individually impaired loans were as follows:

	2010	2009
	(In thousands)	
Period-end loans with no allocated allowance for loan losses	$ —	$ 1,024
Period-end loans with allocated allowance for loan losses	751	—
Amount of the specific allowance allocated to impaired loans	364	—

	2010	2009
	(In thousands)	
Average of impaired loans during the year	$ 764	$ 1,030
Interest income recognized during the year	54	73
Cash-basis interest income recognized	31	61

Nonperforming loans at year-end were as follows:

	2010	2009
	(In thousands)	
Loans past due over 90 days still on accrual	$ 383	$ 438
Nonaccrual loans	1,230	397
Total nonperforming loans	$ 1,613	$ 835

Nonperforming loans include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

Loans to executive officers, directors and companies with which they are affiliated totalled $755,000 at June 30, 2010 and $881,000 at June 30, 2009.

NOTE 4 – PREMISES AND EQUIPMENT

Year end premises and equipment was as follows:

	2010	2009
	(In thousands)	
Land	$ 572	$ 572
Leasehold improvements	204	204
Buildings and improvements	1,721	1,721
Furniture and equipment	1,732	1,714
Vehicles	13	13
	4,242	4,224
Less accumulated depreciation and amortization	(2,409)	(2,266)
Net premises and equipment	$ 1,833	$ 1,958

The Corporation conducts a portion of its operations in leased facilities under a noncancelable operating lease scheduled to expire in fiscal 2011. The Corporation has an option to renew the lease for two more years at $54,000 annually. Total rental expense for June 30, 2010 and 2009 was $51,600 and $54,348, respectively. The minimum rental commitment under operating leases was as follows, before considering the renewal option:

Year ending June 30,	(In thousands)
2011	$ 17

NOTE 5 – FEDERAL INCOME TAXES (BENEFITS)

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

	2010	2009
	(In thousands)	
Federal income tax credits computed at the 34% statutory rate	$ 77	$ (1,084)
Increase (decrease) in taxes resulting from:		
Increase in cash surrender value of life insurance	(49)	(51)
Valuation allowance on deferred tax assets	(10)	1,132
Other	11	(30)
Federal income tax credit per consolidated financial statements	$ 29	$ (36)
Effective rate of tax	12.8%	(1.1)%

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

Taxes (payable) refundable on temporary differences at statutory rate:	2010	2009
	(In thousands)	
Deferred tax liabilities		
Federal Home Loan Bank stock dividends	$ (424)	$ (424)
Difference between book and tax depreciation	(70)	(70)
Mortgage servicing rights	(18)	(25)
Prepaid expenses and other	(24)	(29)
Total deferred tax liabilities	(536)	(548)
Deferred tax assets		
General loan loss allowance	371	188
Deferred loan origination fees	38	46
Other-than-temporary impairment loss	1,522	1,750
Capital loss carry-forward	219	—
Nonaccrual loan interest	26	7
Employee stock ownership plan	18	—
Accrued compensation	61	14
Other	12	61
Gross deferred tax assets	2,267	2,066
Less: valuation allowance	(1,332)	(1,342)
Total deferred tax assets, net	935	724
Net deferred tax asset	$ 399	$ 176

NOTE 5 – FEDERAL INCOME TAXES (CREDITS) (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, 2010, the Corporation had $644,357 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.

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, 2010, 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, 2010. 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, 2010 and June 30, 2009 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 2006. The years 2006-2009 remain open to examination by U.S. taxing authorities.

NOTE 6 – DEPOSITS

Year-end deposits were as follows:

	2010	2009
	(In thousands)	
Non-interest-bearing demand deposits	$ 5,155	$ 4,832
NOW accounts	4,461	4,937
Money market accounts	349	338
Savings accounts	21,216	21,290
Certificates of deposit	49,502	41,521
Total deposit accounts	$ 80,683	$ 72,918

The Corporation had certificate of deposit accounts with balances in excess of $100,000 totaling approximately $11.2 million and $5.5 million at June 30, 2010 and 2009 respectively. Deposits in excess of $250,000 are not insured by the FDIC. Related party deposits were $652,000 and $718,000 at June 30, 2010 and 2009.

Interest expense on deposits is summarized as follows for the years ended June 30:

	2010	2009
	(In thousands)	
Demand, transaction and savings accounts	$ 70	$ 184
Certificate of deposit accounts	1,138	1,432
Balance at end of year	$ 1,208	$ 1,616

Maturities of certificate of deposit accounts as of June 30 are as follows:

Year ended June 30,	(In thousands)
2011	$ 27,559
2012	8,437
2013	6,747
2014	2,391
2015	4,368
	$ 49,502

NOTE 7 – BORROWED FUNDS

Advances from the Federal Home Loan Bankare summarized as follows:

	2010	2009
	(In thousands)	
Fixed rate advances with rates ranging from 0.56% to 4.40%, maturities ranging from July 2010 to June 2014 for 2010 and rates ranging from 3.42% to 4.95%, maturities ranging from August 2009 to June 2014	$ 9,000	$ 8,000
Select pay mortgage-matched advances with rates ranging from 2.77% to 6.15%, maturities ranging from April 2011 to February 2029 for 2010 and 2009	14,830	18,903
Balance at end of year	$ 23,830	$ 26,903

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:

Year ending June 30,	(In thousands)
2011	$ 4,301
2012	2,307
2013	4,318
2014	1,089
2015	—
Thereafter	11,815
	$ 23,830

Advances under the borrowing agreements were collateralized by the Association's FHLB stock owned and $29.5 million and $36.3 million of qualifying mortgage loans at year-end 2010 and 2009.

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 $57,000 and $80,000 for fiscal years ended June 30, 2010 and 2009, 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 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 $501,000 at June 30, 2010. The Corporation recorded expense for the ESOP of approximately $48,000 and $47,000 for the fiscal years ended June 30, 2010 and 2009, respectively.

	2010	2009
Allocated shares	43,344	35,479
Unallocated shares	45,049	54,059
Total ESOP shares	88,393	89,538
Fair value of unallocated shares at June 30	$ 225,245	$ 178,000

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, 2010, the fair value of the 43,344 allocated shares held by the ESOP was approximately $216,720. This amount represents the repurchase obligation of the Corporation.

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 expense

NOTE 8 – BENEFIT PLANS (continued)

for the awards totaled approximately $44,000 and $54,000 for the fiscal years ended June 30, 2010 and June 30, 2009, respectively. During fiscal year 2009, an award of 8,960 shares was forfeited upon an employee'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, excercised, or forfeited during the fiscal year ending June 30, 2010. At June 30, 2010, there were exercisable options to purchase 21,320 shares at a weighted-average exercise price of $9.45.

For the 2009 awards the model incorporated a stock market price at the grant date of $3.30 per share, which adjusts the market price of the stock for the effect of dividend payments of $0.28 per share annually over the expected life of the option. The option exercise price equaled $4.13 per share and the estimated time remaining before the expiration of the options equaled 10 years. The risk free rate of return equaled 3.21%, which was based on the constant maturity yield of a U.S. Treasury note with a fixed rate term of ten years.

Expected volatility of 9.20% was derived from GFFC's historical trading data through June 30, 2009 for the length of time that GFFC has been a public company.

Based on the foregoing assumptions, the value of the Corporation's stock options granted on May 1, 2009 equaled $0.05 per share.

Compensation expense for the awards totaled approximately $15,000 for the fiscal year ended June 30, 2010 and $21,000 for the fiscal year ended June 30, 2009.

NOTE 9 – STOCK OPTION PLAN (continued)

As of June 30, 2010, there was approximately $55,000 of total unrecognized compensation cost related to nonvested options granted under the 2006 Equity Plan. That cost will be recognized over the next two fiscal years at approximately $27,500 per year.

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 Thrift Supervision.

NOTE 10 – REGULATORY MATTERS

Greenville Federal is subject to the regulatory capital requirements of the Office of Thrift Supervision (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, 2010, 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.

NOTE 10 – REGULATORY MATTERS (continued)

As of June 30, 2010 and 2009, management believes that Greenville Federal met all capital adequacy requirements to which it was subject.

	As of June 30, 2010					
	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
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%

	As of June 30, 2009					
	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
Tangible capital (to risk-weighted assets)	$ 10,288	8.6%	$ 1,791	1.5%	$ 5,970	5.0%
Core capital (to risk-weighted assets)	10,288	8.6%	4,776	4.0%	7,164	6.0%
Risk-based capital (to adjusted total assets)	10,813	13.8%	6,257	8.0%	7,821	10.0%

Greenville Federal is subject to regulations imposed by the OTS regarding the amount of capital distributions payable to the Corporation. Generally, Greenville Federal's payment of dividends is limited, without prior OTS 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 OTS for capital distributions in excess of this limitation. During fiscal 2010, no capital distributions were made to the Corporation.

Regulations of the OTS 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 OTS does not object to such waiver. Pursuant to these provisions, Greenville Federal waived $303,000 in dividends during the fiscal year ended June 30, 2010.

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:

	2010	2009
	(In thousands)	
1-4 family residential real estate – fixed rate	$ 1,564	$ 1,444
1-4 family residential real estate – variable rate	173	175
Commercial real estate – fixed rate	50	100
Commercial lines of credit – variable rate	83	229
Home equity lines of credit – fixed rate	230	64
Home equity lines of credit – variable rate	2,296	2,257
Stand-by letters of credit	20	55
	$ 4,416	$ 4,324

The interest rate on fixed-rate commitments ranged from 4.375% to 7.125% at June 30, 2010 and 5.00% to 8.25% at June 30, 2009. 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:

<u>Securities Available-For-Sale</u>: 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.

<u>Impaired Loans</u>: 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.

<u>Other Real Estate Owned</u>: 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.

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	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, 2010		(In thousands)	
AMF Ultra Short Mortgage Fund		$11,460	
June 30, 2009			
AMF Ultra Short Mortgage Fund		$11,888	

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	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, 2010		(In thousands)	
Impaired Loans			$ 387
Other real estate owned			7
June 30, 2009			
Impaired Loans			$1,024
Other real estate owned			559

Impaired loans, which are usually measured for impairment using the fair value of the collateral, had a 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 for the fiscal year ended June 30, 2010. At June 30, 2009, impaired loans had a principal balance of approximately $1.0 million with no specific valuation allowance.

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. There was no valuation allowance for other real estate owned at June 30, 2010. At June 30, 2009, other real estate owned had a net carrying amount of approximately $559,000 and no valuation allowance.

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (continued)

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

	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Financial Assets				
Cash and cash equivalents	$ 7,934	$ 7,934	$ 4,474	$ 4,474
Investment securities available for sale	11,460	11,460	11,888	11,888
Investment securities held to maturity	—	—	11	11
Mortgage-backed securities	1,250	1,347	1,822	1,893
Loans receivable	93,122	100,739	91,663	96,002
Federal Home Loan Bank stock	2,003	NA	2,003	NA
Accrued interest receivable	450	450	511	511
Financial Liabilities				
Deposits	$ 80,683	$ 81,724	$ 72,918	$ 73,859
Advances from the Federal Home Loan Bank	23,830	24,473	26,903	26,192
Advances by borrowers for taxes and insurance	414	414	406	406
Accrued interest payable	83	83	111	111

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments at June 30, 2010 and 2009:

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

<u>Investment and mortgage-backed securities</u>: 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.

<u>Loans receivable</u>: 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.

NOTE 12 – DISCLOSURES ABOUT FAIR VALUE (continued)

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, 2009 and 2008. 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 – SUBSEQUENT EVENTS

On June 22, 2010, the Corporation filed a Form 15 terminating its registration pursuant to Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act"), which automatically becomes effective 90 days later absent objection by the Securities and Exchange Commission (the "SEC"). In addition, on July 13, 2010, the SEC provided a no action letter to the Corporation stating that it would take no action against the Corporation if the Corporation were to cease filing periodic and current reports with the SEC under the Exchange Act as of such date. Both the deregistration and the termination of the reporting obligation were possible because the number of shareholders of record of the Corporation had fallen below 300. The reduction in the number of shareholders of record resulted in part from an issuer tender offer conducted by the Corporation in fiscal year 2010 in which the Corporation repurchased 200,006 of its shares at $6.50 per share, paying a total of $1,300,039 for the shares. As a result of the termination of registration and the reporting obligation, the Corporation is not required to report common stock in the ESOP subject to a repurchase obligation outside of permanent equity.

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, 2010 and 2009, and the results of its operations and its cash flows for the fiscal years then ended.

Greenville Federal Financial Corporation
Balance Sheets
June 30, 2010 and 2009
(In thousands)

	2010	2009
Assets		
Interest-bearing deposits in Greenville Federal	$ 5,807	$ 7,477
Demand deposit in Greenville Federal	13	15
Cash and cash equivalents	5,820	7,492
Loan receivable from ESOP	501	584
Prepaid expenses and other assets	105	109
Receivable from Greenville Federal	—	123
Investment in Greenville Federal	11,272	10,363
Total assets	$ 17,698	$ 18,671
Liabilities and Stockholders' Equity		
Accrued expenses and other liabilities	$ 31	$ 57
Stockholders' equity		
Common stock and additional paid-in capital	9,086	9,074
Treasury stock	(1,490)	(4)
Retained earnings	9,919	10,018
Shares acquired by employee stock ownership plan	(451)	(541)
Unrealized gains on securities designated as available for sale, net of tax effects	603	67
Total stockholders' equity	17,667	18,614
Total liabilities and stockholders' equity	$ 17,698	$ 18,671

Greenville Federal Financial Corporation
Statements of Operations
Years ended June 30, 2010 and 2009
(In thousands)

	2009	2008
Revenue		
Interest income	$ 71	$ 166
Equity in earnings (loss) of Greenville Federal	325	(3,077)
Total income (loss)	396	(2,910)
General and administrative expenses	263	283
Income (loss) before income taxes	133	(3,193)
Income taxes (benefits)	(65)	(40)
Net Income (loss)	$ 198	$ (3,153)

Greenville Federal Financial Corporation
Statements of Cash Flows
Years ended June 30, 2010 and 2009
(In thousands)

	2010	2009
Cash flows from operating activities:		
Net Income (loss)	$ 198	$ (3,153)
Equity in undistributed loss of Greenville Federal	(325)	3042
Amortization of expense related to stock benefit plans	54	77
Increase in cash due to changes in:		
Prepaid expenses and other assets	127	(171)
Other liabilities	(27)	36
Net cash provided by (used in) operating activities	27	(169)
Cash flows from investing activities:		
Principal repayments on loan to ESOP	84	79
Net cash provided by investing activities	84	79
Cash flows from financing activities:		
Treasury shares	(1,486)	(4)
Dividends paid	(297)	(272)
Net cash used in financing activities	(1,783)	(276)
Net increase (decrease) in cash and cash equivalents	(1,672)	(366)
Cash and cash equivalents at beginning of year	7,492	7,858
Cash and cash equivalents at end of year	$ 5,820	$ 7,492

Greenville Federal Financial Corporation

STOCKHOLDER INFORMATION

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at 10:00 a.m., on October 28, 2010, 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."

STOCKHOLDER 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

Greenville Federal Financial Corporation

CORPORATE INFORMATION

OFFICE LOCATIONS

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

Branch Office: GF XPRESS
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

David T. Feltman
Retired

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 Management and 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, Vice President, & Secretary

SPECIAL COUNSEL

Vorys, Sater, Seymour, and Pease LLP
Suite 2000, Atrium Two
221 E. Fourth Street
Cincinnati, Ohio 45202
(513) 723-4000

INDEPENDENT AUDITORS

Crowe Horwath LLP
One Columbus
10 West Broad Street
Columbus, Ohio 43215

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