



JEFFREY B. WIDDUP



CHARLES W. TRUMP JR.

## “85 Years of Excellence”

At the annual meeting of the members of First Federal Savings and Loan Association of Greene County, held Wednesday, January 27th, Jay S. Hammers and Gregory A. Parsons were re-elected as Directors for three year terms expiring in January 2012. At the reorganization meeting, President/CEO John E. Mariner announced corporate title changes for Barbara L. Galica to Assistant Vice President and Cynthia A. Crouse to Assistant Vice President and welcomed the addition of Charles W. Trump, Jr. as Assistant Secretary and Jeffrey B. Widdup as Assistant Treasurer.

Reckless behavior by “too-big-to-fail” financial institutions has led to the most severe economic downturn since the great depression, said Mariner. 2009 has seen balance sheets in un-chartered waters resulting in the worst financial crisis in 75 years, the most serious recession since 1982, and the lowest interest rate environment in 60 years. The image of our industry has been severely tarnished by activities of deceptive lending practices, risky business ventures and greed by the unregulated financial firms and non-bank subsidiaries of Wall Street. Simply, there were bad actors in the financial services industry. It is shameful and upsetting to community bankers for a lack of regulators to these players and the “too-big-to-fail” government policies that exist. There were 140 banks taken into FDIC Receiverships during the year. Compare this number to 2008 when only 25 bank failures were reported. Simply, our economy has deepened into recession due to double-digit unemployment, housing market declines, and the lack of consumer confidence and spending, said Mariner. A combination of these reasons has resulted in a weakening of asset quality, rising delinquencies, foreclosures, and real estate owned for many banks. While the worst of the financial crisis may be behind us, conditions in the industry will remain stressed during much of 2010.

I am extremely proud to report our Association continues to earn Bauer Financial’s 5-Star Superior Rating for 86 consecutive quarters. By earning this distinction, First

Federal of Greene County has demonstrated the epitome for safety and soundness. This superior performance puts First Federal of Greene County in the top 10% of all U.S. banks for exceptional strength and we have done so for over 22 years. Mariner added that 2009 was an exceptional year for our financials despite the economic recession and FDIC special assessment. Total assets increased over \$70 million, or 11% compared to year-end 2008. Total assets were \$705 million and exceeded \$700 million for the very first time in our 85 year history. Total mortgages increased \$20 million or 4%. Total mortgage loans closed of \$122 million exceeded 2008 by \$28 million and were the highest since 2003. Total mortgages represent 83% of our total assets. Loan quality continues to be exceptionally strong with no increase to general loan loss reserves during the year and no increases to total mortgage delinquencies. The statement of condition shows only minimal real estate owned property acquired thru foreclosure. There were no monies borrowed in 2009 and no liquidity issues; as available cash remained steady throughout the year. Total deposits increased over \$66 million; being a 12% increase to year-end 2008. The ratio of equity capital to deposits at year-end was 17.1% and the ratio of equity capital to assets was 14.5%, respectively.

Our available Tier-1, core capital stands at 14.6%. These ratios continue to substantially exceed the minimum federal regulatory requirements and support the excellent overall financial condition of the Association.

Mariner concluded by saying that for over 85 years our mission has been to provide a quality service and the opportunity of a financial relationship for our community. We care deeply about our customers. After all, they are our neighbors, family, and friends.

Our mission has never changed and our employees and officers continue to strive for the same desire, dedication, and determination of excellence as has been so faithfully done since 1924. This is just the way First Federal of Greene County does its business.

