

A Message from the President

President John F. Kennedy once remarked that “the Chinese use two brush strokes to write the word ‘crisis’. One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger – but recognize the opportunity.” As I reflect on the magnitude of the financial crisis our country has endured over the last several years, I am struck by the applicability today of President Kennedy’s words of over a half-century ago.

During the past several years the dangers that were created by Wall Street and the world’s financial markets have been painfully evident. Boiling Springs, though not totally immune from the impacts of these dangers, has remained focused on our opportunities. We have steadfastly held to our mission to provide the best financial services and safety of investments to benefit our customers on the Main Streets of our communities.

We continue to appreciate having the opportunity to help our customers finance their dreams of home ownership. During 2010 we disbursed over \$200 million in new lending. We also responded to hardship requests from our neighbors who have been affected by the recession. Despite what you may hear or read, our loan department is open for business and we are making as many mortgage and home equity loans as we can.

Offering our customers a wide array of safe and secure deposit products, combined with our 5-star customer service, enabled us to continue to increase our deposits. In our branch system, 2010 saw a move of our Wyckoff branch across the Boulder Run Shopping Center to a new, larger facility with two drive-up lanes and extended hours. In Rutherford, we moved our Park Avenue office into a new, convenient, and modern office at our Corporate Headquarters. We also completed a major computer conversion which will enable us to bring you new and innovative products and services.

One of our greatest opportunities has been to expand our efforts to support not for profit organizations through our Community Alliance Program (CAP). During 2010 another 84 organizations joined CAP bringing the total of non-profits who have signed up to 199. Almost 2,600 depositors have united with us in supporting local non-profits by designating almost 4,400 accounts to support their favorite charity. This resulted in donations to CAP organizations of over \$200,000 in 2010. In February, 2010, Boiling Springs was proud to be recognized by the American Bankers Association with a national award presented to us for our efforts in community service.

In addition to the Community Alliance Program, we take great pride in being a major contributor to each community we serve. At Boiling Springs, our only concern is serving our community and the people in the community. This includes sponsoring concerts, holiday celebrations, sports teams and many other local events throughout our branch hometowns. Our staff is deeply involved in community support and volunteerism. They serve as directors, officers and members of local service organizations and volunteer at non-profit organizations in all of our branch communities. All of us at Boiling Springs are dedicated to making our communities a better place to live, work and play.

Boiling Springs remains a strong, well capitalized institution. In this uncertain economy we continue to monitor our loan reserves to protect our depositors’ interests and meet regulatory expectations of proper credit risk management. Our capital base increased in 2010 to almost \$170 million, which represents a very strong 12.6% ratio.

Together the Board of Directors, management and staff will continue to serve our customers and respond to the dangers and opportunities ahead. For over 70 years Boiling Springs has been a successful, community minded institution adapting to economic change. With our combined efforts, and your much appreciated support, this will continue to be our legacy. We continue to thank our loyal customers for their sustained trust in Boiling Springs.

Sincerely,

Robert E. Stillwell
President & CEO