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PRESS RELEASE

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January 19, 2009

FOR IMMEDIATE RELEASE

FIRST FEDERAL CEO ANNOUNCES RETIREMENT EFFECTIVE 2010

Port Angeles, WA (January 19, 2009) Karen L. McCormick announced today her plan to retire from the position of President and Chief Executive Officer in January, 2010. First Federal has begun the process of selecting its new President and CEO, in accordance with its Management Succession Plan. Ms. McCormick will remain in her position until that time, to ensure an orderly transition of duties and responsibilities.

Ms. McCormick joined First Federal on July 5, 1977 as a Teller, and subsequently advanced through many positions with the bank. She was named President and Chief Executive Officer in January, 1997. Chairman Jimmy D. Ray commented, "The Board of Directors and our entire First Federal team, are extremely grateful for Karen's outstanding leadership and dedication to First Federal, and to the communities we serve. For over thirty years, she has been instrumental in creating the growth, vitality and strength we enjoy today."

"I am extremely fortunate to have had the opportunity to contribute to First Federal's success," says Ms. McCormick. "With the introduction of our new Community Dividend Program, I've accomplished my professional goal of ensuring that our communities have a bank devoted solely to their own well-being. I look forward to watching First Federal continue to grow and prosper in the years ahead."

First Federal has been serving North Olympic Peninsula families and businesses for more than 85 years, and proudly offers a full range of lending and deposit services. A mutual bank, First Federal is the only locally owned and managed savings and loan institution on the North Olympic Peninsula. First Federal operates branches in Port Angeles, Forks, Sequim and Port Townsend. Member FDIC, Equal Housing Lender.