

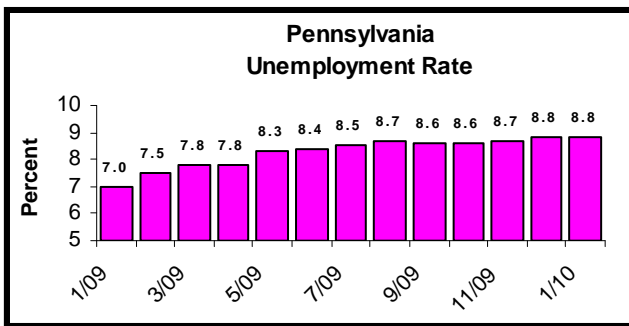
Pennsylvania Profile ³

A Quarterly Economic Summary for PCUA Members

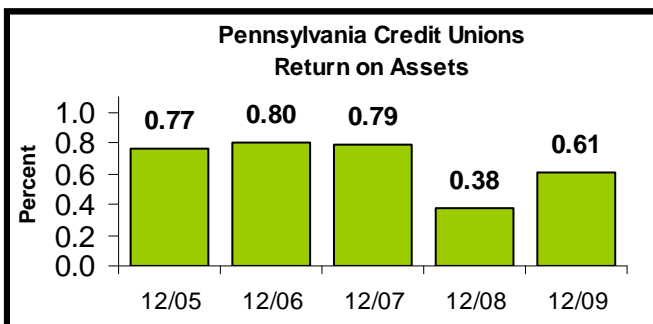
Fourth Quarter 2009

Pennsylvania credit unions' financial and operating performance was a mixed bag in 2009. There were 13 fewer credit unions at the end of the year, but almost 80,000 additional credit union members. Credit quality deteriorated throughout the year, but credit union earnings increased 23 basis points. The recession in 2009 led to a drop in Pennsylvania employment of over 215,000; of which 73,000 left the labor force while the remaining are considered unemployed and still looking for work.

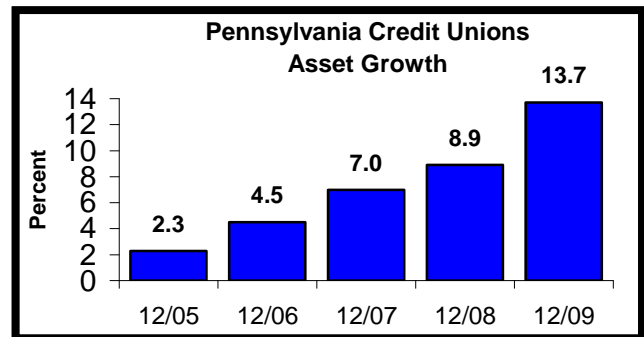
Pennsylvania's unemployment rate peaked in the second half of 2009 at 8.8%. The rate appears to have leveled off and is one percentage point below the national average.



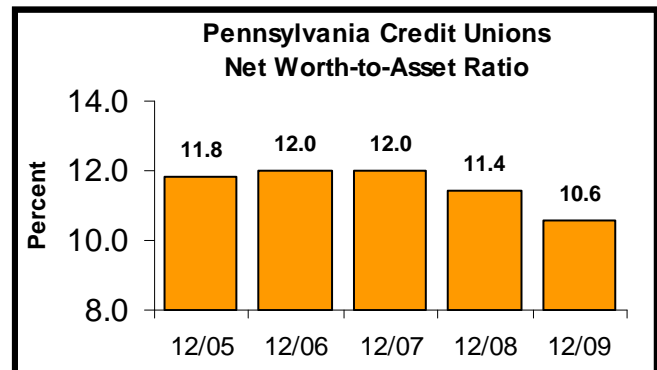
Pennsylvania credit unions' return on assets – before stabilization expense - increased 23 basis points in 2009, coming in at 0.61% of average assets. A significant drop in operating expenses helped to offset a rise in loan loss provisions and a fall in net interest margins.



Pennsylvania credit union assets grew 13.7% in 2009, faster than the 8.9% posted in 2008. Savings balances increased 14.9% in 2009, as credit union members reduced spending and increased savings to repair their battered balance sheets. Savings growth nationwide is expected to slow to 8% in 2010 as job market uncertainty declines and consumer confidence increases.



Pennsylvania credit unions' average net worth-to-asset ratio fell to 10.6% in 2009, from 11.4% at year end 2008. Credit union earnings were less than half the amount needed to keep the net worth ratio from falling.

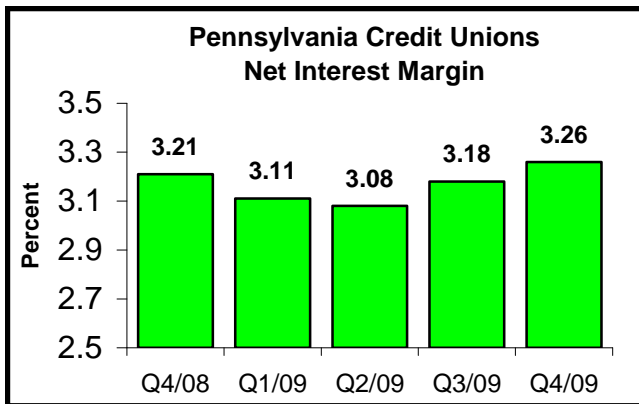


Pennsylvania credit union net interest margins improved slightly in the second half of 2009, as cost of funds dropped faster than asset yields. The Federal Reserve has helped engineer the steepest yield curve in U.S. history. In a recent Federal Open Market Committee statement, the Federal Reserve repeated its earlier language that

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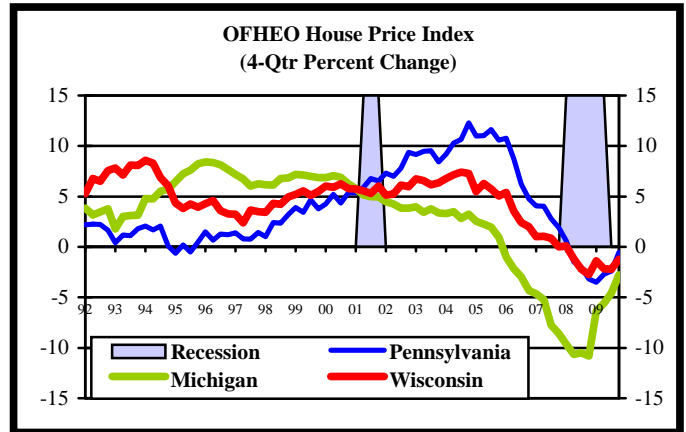
economic conditions “are likely to warrant exceptionally low levels of the federal funds interest rate for an extended period of time.” The federal funds futures market is currently pricing in a 25 basis point increase in the fed funds interest rate target in the fourth quarter of 2010, with the target reaching 0.75% by March 2011. The fed funds rate is important because it’s used as a benchmark for many business and consumer loans.



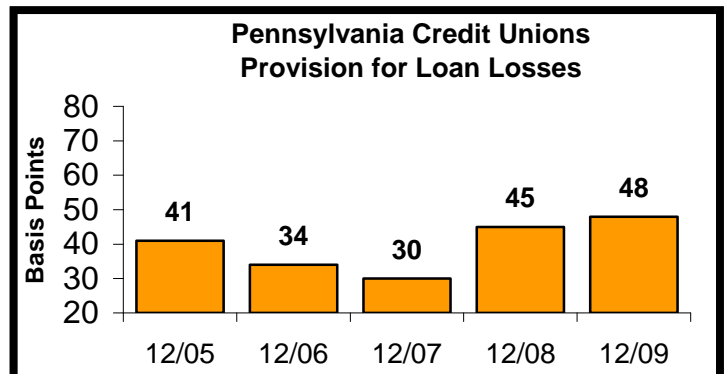
So with the Fed maintaining the target range for the federal funds interest rate at 0 to 1/4 percent, and longer-term interest rates possibly heading up, the yield curve could steepen further through the summer months. For those credit unions with strong loan demand, the steep yield curve should increase net interest margins as low-rate short-term deposits are used to fund longer-term higher-rate loans. The higher net interest margins should help credit unions cover loan chargeoffs and NCUA assessments and therefore, earn their way out of the current financial crisis.

Pennsylvania’s housing market remained in a state of disequilibrium in 2009 as foreclosed homes increased the supply of housing and job losses reduced the demand. Home prices fell 0.53% over the 4 quarters ending in the fourth quarter of 2009. Home prices are not expected to resume an upward trajectory until 2011, and are expected to decline further in 2010. Massive housing-market government intervention has prevented home prices from reaching bottom.

We may see home prices stabilize in the second half of 2010 as the market adjusts to the withdrawal of the home-buyer tax credit and Federal Reserve purchases of mortgage backed securities.



Pennsylvania credit unions charged-off 0.66% of all loans in 2009, up from 0.58% a year earlier. Delinquent loans were 1.15% of the loan portfolio at year end. Credit unions responded to this deterioration in credit quality by boosting their provisions for loan losses to 48 basis points, up from 45 basis points in 2008.



Provisions for loan losses should begin to decline in 2010 as credit unions move from building their allowance for loan loss account to maintaining it at the new higher level. The decline in loan loss provisions will accelerate in the second half of the year as job creation resumes and loan charge-offs fall.

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Pennsylvania CU Profile

	US	Pennsylvania Credit Unions					Asset Groups - Dec 2009			
	2009	2009	2008	2007	2006	2005	< \$5Mil	\$5-\$20	\$20-\$100	> \$100 Mil
Demographic Information										
1 Number of CUs	7,708	557	570	599	618	643	203	167	134	53
2 Assets per CU (\$ mil)	116.3	57.3	49.2	43.0	39.0	35.8	1.7	10.2	42.7	455.3
3 Median assets (\$ mil)	16.5	8.7	7.7	6.7	6.6	6.6	1.4	9.8	38.6	175.0
4 Total assets (\$ mil)	896,824	31,893	28,051	25,767	24,073	23,045	342	1,704	5,718	24,129
5 Total loans (\$ mil)	582,791	19,034	17,405	16,101	15,147	14,121	165	803	3,091	14,975
6 Total surplus funds (\$ mil)	282,027	11,778	9,692	8,733	8,087	8,172	175	870	2,442	8,291
7 Total savings (\$ mil)	763,341	28,019	24,381	22,188	20,773	19,931	288	1,455	5,015	21,261
8 Total members (thousands)	91,157	3,525	3,445	3,408	3,387	3,373	112	335	858	2,220
Growth Rates										
9 Total assets	8.9	13.7	8.9	7.0	4.5	2.3	5.3	10.4	12.0	14.9
10 Total loans	1.2	9.4	8.1	6.3	7.3	8.8	-2.2	-0.6	5.7	11.2
11 Total surplus funds	29.8	21.5	11.0	8.0	-1.0	-7.6	14.2	23.0	21.3	22.2
12 Total savings	10.3	14.9	9.9	6.8	4.2	1.4	8.4	12.5	13.6	15.9
13 Total members	1.4	2.3	1.1	0.6	0.4	-0.4	-0.5	-1.3	0.4	4.5
14 % CUs with increasing assets	80.9	82.8	73.2	52.9	33.8	33.3	61.1	91.6	98.5	98.1
Earnings - Basis Pts.										
15 Yield on total assets	491	488	554	597	558	504	588	463	473	492
16 Dividend/interest cost of assets	173	172	233	267	226	169	108	122	141	184
17 Fee & other income *	123	96	102	106	110	99	-34	40	78	107
18 Operating expense	316	304	341	326	327	316	395	355	351	288
19 Loss Provisions	111	48	45	30	34	41	55	31	37	52
20 Net Income (ROA) before Stab Exp	15	61	38	79	80	77	-4	-4	22	76
20a Net Income (ROA) after Stab Exp	18	65	38	79	80	77	-15	-7	21	82
21 % CUs with positive ROA	61.6	65.2	72.1	87.6	87.7	86.0	49.8	65.9	77.6	90.6
Capital adequacy										
22 Net worth/assets	9.9	10.6	11.4	12.0	12.0	11.8	15.2	14.3	11.8	10.0
23 % CUs with NW > 7% of assets	94.7	96.8	98.2	99.0	98.4	98.6	98.0	95.8	97.0	94.3
Asset quality										
24 Delinquencies (60+ day \$)/loans (%)	1.82	1.15	1.06	0.90	0.88	1.07	3.78	2.12	1.42	1.02
25 Net chargeoffs/average loans	1.21	0.66	0.58	0.47	0.52	0.62	0.72	0.62	0.57	0.68
26 Total borrower-bankruptcies	329,656	6,537	5,327	5,453	3,910	11,328	59	317	1,026	5,135
27 Bankruptcies per CU	42.8	11.7	9.3	9.1	6.3	17.6	0.3	1.9	7.7	96.9
28 Bankruptcies per 1000 members	3.6	1.9	1.5	1.6	1.2	3.4	0.5	0.9	1.2	2.3
Asset/Liability Management										
29 Loans/savings	76.3	67.9	71.4	72.6	72.9	70.9	57.3	55.2	61.6	70.4
30 Loans/assets	65.0	59.7	62.0	62.5	62.9	61.3	48.3	47.1	54.1	62.1
31 Net Long-term assets/assets	31.6	31.9	32.5	30.4	27.7	28.4	6.9	15.2	26.6	34.7
32 Liquid assets/assets	16.9	20.3	18.3	18.7	17.6	16.4	38.9	30.6	23.1	18.6
33 Core deposits/shares & borrowings	36.9	37.8	38.5	40.6	45.3	52.0	85.9	73.0	57.1	30.3
Productivity										
34 Members/potential members	7	7	8	8	9	10	19	14	5	7
35 Borrowers/members	51	52	50	49	48	49	26	36	43	59
36 Members/FTE	381	419	397	425	435	443	423	516	449	397
37 Average shares/member (\$)	8,374	7,949	7,076	6,511	6,133	5,908	2,577	4,347	5,846	9,575
38 Average loan balance (\$)	12,617	10,424	10,163	9,661	9,238	8,581	5,612	6,647	8,341	11,473
39 Employees per million in assets	0.27	0.26	0.31	0.31	0.32	0.33	0.77	0.38	0.33	0.23
Structure										
40 Fed CUs w/ single-sponsor	13.8	22.3	22.6	24.2	23.9	25.3	38.9	21.6	5.2	3.8
41 Fed CUs w/ community charter	15.2	15.1	14.9	12.9	11.3	10.1	5.4	9.0	28.4	37.7
42 Other Fed CUs	32.1	51.2	50.9	51.4	53.2	53.2	49.3	57.5	52.2	35.8
43 CUs state chartered	38.9	11.5	11.6	11.5	11.5	11.4	6.4	12.0	14.2	22.6

Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months. US Totals include only credit unions that are released on the NCUA FOIA file.

Source: NCUA and CUNA E&S.



Pennsylvania Profile

Fourth Quarter 2009

Pennsylvania CU Profile

	US	Pennsylvania Credit Unions					Asset Groups - Dec 2009			
	2009	2009	2008	2007	2006	2005	< \$5Mil	\$5-\$20	\$20-\$100	> \$100 Mil
Growth Rates										
1 Credit cards	6.4%	12.0%	5.1%	9.1%	2.0%	5.4%	5.6%	7.7%	6.5%	13.3%
2 Other unsecured loans	0.7%	1.8%	1.3%	4.2%	3.1%	0.5%	1.5%	-0.6%	0.9%	3.0%
3 New automobile	-7.9%	1.4%	-4.8%	0.0%	4.3%	12.3%	-7.4%	-7.7%	-4.6%	5.1%
4 Used automobile	3.9%	10.8%	8.6%	5.0%	4.8%	6.9%	4.1%	3.3%	7.5%	12.6%
5 First mortgage	4.3%	23.9%	18.0%	13.1%	11.6%	26.3%	-3.0%	11.5%	12.1%	25.7%
6 HEL & 2nd Mtg	-4.5%	-0.4%	6.9%	6.0%	11.3%	3.8%	-9.4%	-3.6%	3.9%	-0.8%
7 Member business loans	9.9%	18.7%	36.2%	24.9%	38.1%	47.9%	26.1%	22.9%	12.7%	19.4%
8 Share drafts	15.4%	16.6%	0.4%	-1.7%	1.5%	3.6%	3.0%	11.0%	13.6%	18.2%
9 Certificates	-0.3%	9.9%	13.9%	17.6%	24.2%	19.0%	17.3%	14.1%	10.0%	9.9%
10 IRAs	13.4%	17.3%	17.4%	16.0%	10.0%	4.4%	2.2%	14.2%	17.1%	17.8%
11 Money market shares	23.2%	26.6%	12.9%	15.6%	17.0%	-1.4%	34.8%	32.2%	34.6%	26.2%
12 Regular shares	11.7%	11.7%	5.5%	-5.1%	-11.7%	-6.3%	7.9%	12.3%	11.5%	12.6%
Portfolio \$ Distribution										
13 Credit cards/total loans	6.1%	7.5%	7.3%	7.6%	7.4%	7.7%	2.0%	6.1%	5.4%	8.1%
14 Other unsecured loans/total loans	4.4%	6.7%	7.2%	7.7%	7.9%	8.2%	26.0%	14.8%	9.3%	5.5%
15 New automobile/total loans	13.1%	10.5%	11.4%	12.9%	13.7%	14.1%	27.2%	21.6%	12.3%	9.4%
16 Used automobile/total loans	17.0%	16.4%	16.2%	16.1%	16.3%	16.7%	28.1%	21.2%	17.3%	15.8%
17 First mortgage/total loans	37.9%	26.0%	23.0%	21.0%	19.8%	19.0%	2.8%	7.2%	17.3%	29.1%
18 HEL & 2nd Mtg/total loans	16.1%	27.7%	30.4%	30.7%	30.8%	29.7%	7.3%	22.5%	30.1%	27.7%
19 Member business loans/total loans	6.2%	2.7%	2.5%	2.0%	1.7%	1.3%	0.5%	0.4%	1.4%	3.2%
20 Share drafts/total savings	11.3%	9.7%	9.6%	10.5%	11.4%	11.7%	4.0%	7.4%	11.2%	9.6%
21 Certificates/total savings	30.0%	29.1%	30.5%	29.4%	26.7%	22.4%	8.4%	17.2%	23.8%	31.5%
22 IRAs/total savings	9.7%	11.7%	11.5%	10.8%	9.9%	9.4%	2.7%	5.6%	9.4%	12.8%
23 Money market shares/total savings	21.1%	19.7%	17.9%	17.4%	16.1%	14.4%	0.4%	2.7%	9.0%	23.7%
24 Regular shares/total savings	26.6%	28.5%	29.3%	30.6%	34.4%	40.6%	81.9%	65.6%	45.9%	21.1%
Percent of CUs Offering										
25 Credit cards	51.5%	49.0%	48.4%	47.3%	46.6%	46.8%	8.9%	60.5%	81.3%	84.9%
26 Other unsecured loans	97.9%	96.2%	96.3%	96.7%	96.1%	95.5%	92.1%	97.6%	99.3%	100.0%
27 New automobile	94.8%	89.4%	89.3%	90.2%	90.5%	91.0%	71.4%	100.0%	99.3%	100.0%
28 Used automobile	95.6%	91.4%	91.1%	91.5%	91.1%	91.1%	77.3%	99.4%	99.3%	100.0%
29 First mortgage	59.0%	38.2%	37.0%	35.4%	35.6%	34.7%	5.9%	35.3%	67.9%	96.2%
30 HEL & 2nd Mtg	58.1%	64.3%	63.3%	63.4%	61.8%	62.1%	25.6%	77.3%	93.3%	98.1%
31 Member business loans	28.7%	16.5%	15.1%	14.2%	12.1%	10.9%	1.5%	10.2%	29.9%	60.4%
32 Share drafts	74.2%	65.4%	64.2%	62.3%	60.8%	60.2%	22.2%	82.0%	96.3%	100.0%
33 Certificates	77.3%	63.7%	63.9%	60.4%	57.3%	53.0%	26.6%	75.5%	91.0%	100.0%
34 IRAs	64.7%	49.9%	56.3%	48.1%	46.6%	45.6%	11.8%	50.9%	86.6%	100.0%
35 Money market shares	43.7%	26.0%	25.4%	23.5%	21.2%	17.6%	2.0%	12.6%	53.7%	90.6%
Penetration										
36 Credit cards	14.4%	15.6%	14.9%	15.1%	15.0%	16.0%	1.8%	8.6%	11.7%	18.8%
37 Other unsecured loans	11.0%	11.3%	11.4%	11.5%	11.5%	11.5%	13.2%	11.4%	10.1%	11.7%
38 New automobile	5.9%	4.4%	4.5%	4.6%	4.5%	4.3%	3.6%	4.6%	3.9%	4.7%
39 Used automobile	11.2%	9.5%	8.9%	8.5%	8.3%	8.0%	5.3%	6.5%	7.8%	10.8%
40 First mortgage	1.8%	1.2%	1.1%	1.0%	1.0%	0.9%	0.1%	0.3%	0.9%	1.5%
41 HEL & 2nd Mtg	2.9%	4.6%	4.8%	4.7%	4.6%	4.2%	0.5%	1.9%	3.4%	5.6%
42 Member business loans	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%
43 Share drafts	46.7%	46.4%	45.9%	45.1%	44.2%	43.3%	8.7%	22.9%	39.3%	54.5%
44 Certificates	13.1%	16.9%	16.8%	15.8%	14.3%	11.5%	2.4%	7.4%	11.3%	21.3%
45 IRAs	5.9%	7.5%	7.1%	6.6%	6.2%	6.0%	0.6%	2.0%	4.6%	9.8%
46 Money market shares	7.6%	11.0%	10.5%	9.7%	8.9%	7.5%	0.1%	0.5%	2.4%	16.4%

* Current period flow statistics are trailing four quarters.

Source: NCUA and CUNA E&S.

Pennsylvania Profile

Fourth Quarter 2009

Pennsylvania CU Profile - Quarterly Results

Demographic Information	US	Pennsylvania Credit Unions				
	Dec 09	Dec 09	Sep 09	Jun 09	Mar 09	Dec 08
1 Number CUs	7,708	557	556	562	566	570
Growth Rates (Quarterly % Change)						
2 Total loans	-0.3	1.1	3.5	3.3	1.2	1.7
3 Credit cards	4.4	6.6	5.2	3.7	-3.5	4.6
4 Other unsecured loans	1.5	0.9	4.0	0.7	-3.5	0.7
5 New automobile	-4.5	-4.0	2.5	2.4	0.9	0.5
6 Used automobile	-0.2	0.2	3.5	4.4	2.5	1.7
7 First mortgage	0.4	3.4	6.1	8.2	4.4	2.2
8 HEL & 2nd Mtg	-0.7	0.0	0.5	-0.1	-0.5	1.2
9 Member business loans	2.0	5.3	5.2	5.8	1.4	9.1
10 Total savings	2.1	3.4	0.9	2.9	7.3	3.0
11 Share drafts	9.7	13.8	-3.1	-0.3	6.1	1.3
12 Certificates	-1.1	0.2	2.0	1.4	6.2	5.8
13 IRAs	1.5	2.4	3.0	4.3	6.9	5.9
14 Money market shares	4.3	5.5	3.9	6.4	8.8	1.7
15 Regular shares	1.8	2.9	-1.5	2.5	7.8	1.0
16 Total members	0.1	0.4	1.1	0.8	0.5	0.3
Earnings (basis points)						
17 Yield on total assets	475	478	483	485	507	543
18 Dividend/interest cost of assets	154	152	165	177	196	222
19 Fee & other income *	N/A	N/A	N/A	N/A	N/A	N/A
20 Operating expense	316	306	303	299	310	406
21 Loss Provisions	118	55	49	48	39	72
22 Net Income (ROA) *	N/A	N/A	N/A	N/A	N/A	N/A
21 % CUs with positive ROA *	N/A	N/A	N/A	N/A	N/A	N/A
Capital adequacy (%)						
22 Net worth/assets	9.9	10.6	10.9	10.8	10.4	11.4
23 % CUs with NW > 7% of assets	94.7	96.8	97.1	97.3	96.3	98.2
Asset quality (%)						
24 Loan delinquency rate - Total loans	1.83	1.15	1.08	1.02	0.95	1.06
25 Total Consumer	1.67	1.20	1.12	1.14	1.17	1.34
26 Credit Cards	2.06	1.43	1.39	1.36	1.43	1.46
27 All Other Consumer	1.61	1.16	1.07	1.10	1.13	1.32
28 Total Mortgages	1.97	1.11	1.03	0.92	0.76	0.82
29 First Mortgages	2.12	1.13	0.96	0.90	0.77	0.90
30 All Other Mortgages	1.61	1.09	1.10	0.95	0.76	0.76
31 Total MBLs	3.63	2.14	1.62	1.73	1.38	1.68
32 Ag MBLs	1.41	0.00	0.00	0.00	0.00	0.00
33 All Other MBLs	3.73	2.14	1.62	1.73	1.39	1.69
34 Net chargeoffs/average loans	1.34	0.77	0.62	0.60	0.63	0.74
35 Total Consumer	2.11	1.40	1.20	1.22	1.23	1.73
36 Credit Cards	4.54	2.58	2.40	2.37	2.47	2.58
37 All Other Consumer	1.74	1.18	0.98	1.02	1.01	1.57
38 Total Mortgages	0.68	0.22	0.11	0.07	0.12	-0.13
39 First Mortgages	0.36	0.05	0.03	0.04	0.07	0.02
40 All Other Mortgages	1.46	0.38	0.18	0.10	0.15	-0.25
41 Total MBLs	1.00	1.43	0.91	0.03	0.24	0.28
42 Ag MBLs	0.10	0.00	0.00	0.00	0.00	0.00
43 All Other MBLs	1.04	1.44	0.91	0.03	0.24	0.28
Asset/Liability Management						
44 Loans/savings	76.0	67.8	69.4	67.6	67.4	71.3

Earnings & net chargeoffs are annualized quarterly results not seasonally adjusted. Growth rates are not annualized. Delinquency rates are 60+ day dollar delinquencies. Net chargeoffs are dollar chargeoffs net of recoveries. Totals include only credit unions that are released on the NCUA FOIA file.

*Credit Unions did not uniformly report stabilization expense or reversals of the expense. Therefore those ratios affected are on included.

Source: NCUA and CUNA E&S.