Building on our past,
looking toward the future.
HFCU BRANCH INFORMATION

1. Hummelstown
   232 Hershey Road
   Hummelstown, PA 17036

2. Hershey
   904 E. Chocolate Avenue
   Hershey, PA 17033

3. Cleona
   475-B W Penn Avenue
   Cleona, PA 17042

Phone: (717) 533-9174 • Website: www.hersheyfcu.org • E-mail: hfcu@hersheyfcu.org
Building on our past, looking toward the future.

From its humble beginnings in March of 1949, Hershey Federal Credit Union has become one of the most successful and respected financial institutions in the Hershey area. The mission of existing to serve our members has never changed. It is why the credit union was formed and why it still exists. We are a financial cooperative, and members have shared in making the credit union what it is today. From electing a volunteer board of directors, to offering suggestions for services, to supporting the democratic structure, to using all the services, to attending the annual meetings; the members are the ones that make Hershey Federal Credit Union a successful financial institution.

Through continuous growth over the last sixty-one years, HFCU is now nearly $50,000,000 in assets. That is still considered small in the banking world, but the steady, planned growth has been an important part of the financial success. And, as we all know, big isn’t necessarily better. We hope you feel that it’s nice to be part of an organization where you are recognized as a person, not just an account number and where service to you, the member, is the most important part of the business. Our success is due to the continued support from the members and from a dedicated Board of Directors and staff. We all continue to work together, making Hershey Federal Credit Union the best place to save and borrow in Central Pennsylvania!

2009 was another successful year for HFCU. There were challenges, but they were met with the same determination as that of original five charter members who started the credit union in 1949. We’re proud of what we’ve accomplished and that we are the only true LOCAL financial institution in the Hershey area. We have stayed true to our mission of “people helping people” and this philosophy will continue to guide our efforts as we move into the future. Looking towards a promising future, we will continue to grow and add services that our members need and want.

We thank the HFCU Board of Directors, the Supervisory Committee, the Management Team, and the dedicated staff for their hard work and efforts to make HFCU a safe, sound, and trusted financial institution.

Richard F. Miller
Chairman of the Board

Diana L. Roberts
President & CEO
## FINANCIAL POSITION AS OF DECEMBER 31, 2009 (condensed)

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$35,854,015.42</td>
<td>$31,920,452.02</td>
<td>$31,388,443.84</td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$10,044,660.55</td>
<td>$9,728,782.76</td>
<td>$8,388,729.81</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$3,027,269.15</td>
<td>$3,199,834.47</td>
<td>$2,966,050.74</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$48,925,945.12</strong></td>
<td><strong>$44,849,069.25</strong></td>
<td><strong>$42,743,224.39</strong></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>$44,938,141.21</td>
<td>$41,099,099.34</td>
<td>$39,118,423.66</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$102,882.80</td>
<td>$57,476.76</td>
<td>$71,402.87</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$45,041,024.01</strong></td>
<td><strong>$41,156,576.10</strong></td>
<td><strong>$39,189,826.53</strong></td>
</tr>
<tr>
<td>Reserves</td>
<td>$3,884,921.11</td>
<td>$3,692,493.15</td>
<td>$3,553,397.86</td>
</tr>
<tr>
<td><strong>Total Liabilities/Reserves</strong></td>
<td><strong>$48,925,945.12</strong></td>
<td><strong>$44,849,069.25</strong></td>
<td><strong>$42,743,224.39</strong></td>
</tr>
</tbody>
</table>

### Graph

- **Assets**
  - 2005: $33,575,991
  - 2006: $36,065,586
  - 2007: $42,743,224
  - 2008: $44,849,069
  - 2009: $48,925,945

- **Liabilities**
  - 2005
  - 2006
  - 2007
  - 2008
  - 2009
### Income and Expenses  
**As of December 31, 2009 (condensed)**

<table>
<thead>
<tr>
<th>Income</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>$2,135,348.20</td>
<td>$2,090,032.08</td>
<td>$1,977,301.07</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>$199,114.91</td>
<td>$339,915.75</td>
<td>$321,865.67</td>
</tr>
<tr>
<td>Other Income</td>
<td>$886,302.41</td>
<td>$722,832.28</td>
<td>$702,065.24</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$3,220,765.52</strong></td>
<td><strong>$3,152,780.11</strong></td>
<td><strong>$3,001,231.98</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$2,237,047.73</td>
<td>$2,144,205.13</td>
<td>$2,017,833.36</td>
</tr>
<tr>
<td>Extraordinary Write-down Expense</td>
<td>$133,261.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Income Before Dividends</strong></td>
<td><strong>$850,456.16</strong></td>
<td><strong>$1,008,574.98</strong></td>
<td><strong>$983,398.62</strong></td>
</tr>
<tr>
<td>Dividends</td>
<td>$658,028.20</td>
<td>$869,479.69</td>
<td>$839,847.47</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$192,427.96</strong></td>
<td><strong>$139,095.29</strong></td>
<td><strong>$143,551.15</strong></td>
</tr>
</tbody>
</table>

**Loans**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$25,818,463</td>
</tr>
<tr>
<td>2006</td>
<td>$29,248,172</td>
</tr>
<tr>
<td>2007</td>
<td>$31,388,444</td>
</tr>
<tr>
<td>2008</td>
<td>$31,920,452</td>
</tr>
<tr>
<td>2009</td>
<td>$35,854,015</td>
</tr>
</tbody>
</table>

**Member Shares**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$30,397,982</td>
</tr>
<tr>
<td>2006</td>
<td>$32,623,539</td>
</tr>
<tr>
<td>2007</td>
<td>$39,118,424</td>
</tr>
<tr>
<td>2008</td>
<td>$41,099,099</td>
</tr>
<tr>
<td>2009</td>
<td>$44,938,141</td>
</tr>
</tbody>
</table>

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**INCOME AND EXPENSES**

2009: $35,854,015

2009: $44,938,141
At the end of 2009, the total assets for HFCU were $4.1 million more than 2008, for an increase of 9.10%. Member share deposits increased by 9.34% and loans grew by 12.32%. Membership grew by nearly 4%. These numbers show healthy growth and are much higher than the growth percentages from the previous years.

During 2009, HFCU continued to see much activity in the Hummelstown, Hershey and Cleona branches. While there is more competition for financial services in the area, people are discovering that HFCU can provide all the services that large institutions can, but with a more personal touch.

Due to losses and circumstances within the corporate credit union network during 2009, HFCU had to write down extraordinary expenses. Without the mandatory write-downs, HFCU would have had an excellent financial year. However, 2009 net earnings were still positive, which was better than many other credit unions in the United States.

The condensed financial statement is included in the Annual Report. Please review it for more information. The financial analysis shows that HFCU is secure and well positioned for growth and continued service to members.

I thank the HFCU Board of Directors, committees, and employees for their continued dedication and assistance.

Respectfully submitted,

Ercoli J. DiVittore
Treasurer
The Supervisory Committee of Hershey Federal Credit Union complies with the guidelines as set forth by the National Credit Union Administration and the bylaws of Hershey Federal Credit Union.

Commitment to safety and soundness is foremost. In 2009, the committee engaged Pacul Services, Inc. to conduct the Supervisory Committee Annual Review of the financial statements. The review included tests of accounting records and auditing procedures to satisfy conformity with applicable statutory regulations. No material weaknesses were identified as a result of the review.

As further testament to Hershey Federal Credit Union’s commitment to the highest levels of safety and soundness, is the need to monitor the overall operating controls of the credit union’s operations. Throughout 2009, the committee performed various audits to assess the adequacy of and effectiveness of the internal controls. Once again, no material weaknesses were identified.

The committee would like to thank the Board of Directors, President Roberts and her excellent staff for their continued support and commitment to excellence and the safety and soundness of Hershey Federal Credit Union.

Respectfully Submitted,

Lori A. Gall
Supervisory Committee Chairperson
ALCO REPORT

The Asset/Liability Committee (ALCO) is made up of several HFCU Board members and the HFCU management team. The committee meets to review loan and share rates, liquidity, investments, and other financial and operational issues.

The ALCO discusses and reviews all the issues and has the authority to change rates, as needed, and act on other decisions. Asset and liability management is an important part of the credit union financial management. The HFCU Board of Directors relies on the committee to act on their behalf and to be responsive to the needs of the credit union and its members.

Franklin D. Wagner
ALCO Chairperson

Committee Members
Ercoli DiVittore
Diana Roberts
Jill Sottile
Paul Wagner
Ron Andersen
Mark Ely
VOLUNTEERS AND MANAGEMENT TEAM

Board of Directors

Richard F. Miller...........................................Chairman
William K. Sprandel.............................Vice Chairman
Barbara A. McLaughlin................................Secretary
Ercoli J. DiVittore.........................................Treasurer
Franklin D. Wagner...............Assistant Treasurer
Dennis H. Berkimer
Rita F. Ramacciotti
Robert H. Moyer..............................Director Emeritus

Supervisory Committee

Lori Gall...................................................Chairperson
Barbara McLaughlin....................................Secretary
Jim Summy
Francois Houde

Management Team

Diana L. Roberts............................President and CEO
Jill Sottile.............................................Vice President Finance
Paul Wagner......................Vice President Operations
Ron Andersen........Information Technology Manager
Mark Ely.......Marketing/Branch Operations Manager

From left to right: Top Row: Dennis Berkimer, Franklin Wagner, William Sprandel, Robert Moyer, Diana Roberts, Jim Summy, Bottom Row: Richard Miller, Rita Ramacciotti, Ercoli DiVittore, Lori Gall