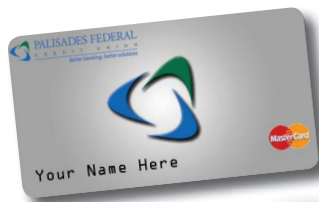


Community Support

American Forests®
Big Brothers / Big Sisters of America
CEJES and SUNY Rockland's A Mighty River
Child Care Resources of Rockland
Clarkstown Summer Theatre
Dominican College
Helen Hayes Hospital
Helping Hands
Jawonio
March for Babies
National Endowment Foundation Education
Pearl River Little League
People to People
PFCU George Hatala Scholarship
RCC Foundation Scholarship
Rockland County Youth Bureau
Rockland Family Shelter
Salvation Army Angel Tree
United Way Day of Caring
Walk for Hunger
Walk to Cure Diabetes
YouthFest



*We introduced our new
MasterCard Program
in 2009!*



*Ribbon cutting ceremony for our newest branch
located in the Kohls' Shopping Plaza in Nanuet.*



*Our commitment
to the community
fueled a successful
gas giveaway!*

Board of Directors

James K. Brandt, Chair
Daniel Moran, Vice Chair
Milind Ganjawala, Treasurer
Barbara Peters, Secretary
Pamela Wiss, Supervisory Committee Chair
Gerald Castellani, Director
John Riley, Director
Joseph Vitanza, Director
Gregory Whalen, Director

Supervisory Committee Members

Pamela Wiss, Chair
Tammy Gamble
Newton Paul
Karen Reed
Debbi Berit

2009 Annual Report

MEMBER PRODUCTS & SERVICES

| | |
|---------------|----------------|
| Checking | Personal Loans |
| Savings | Student Loans |
| Certificates | Home Equities |
| Money Market | Mortgages |
| Vehicle Loans | Credit Cards |

ELECTRONIC SERVICES

Online Banking
E-Pay
E-Statements
E-Deposit
Online Loan Applications
Mobile Banking
CU Alerts

OTHER SERVICES

Direct Deposit
Courtesy Pay
Investment Services
TAP Audio Response
Car Buyer's Helpline
Anytime Advisor
Insurance



Better banking, better solutions

The Chairman's Report

On behalf of the Board of Directors, the volunteer committees and staff of Palisades Federal Credit Union, I am pleased to present the 2009 annual report to you.

For almost 70 years, PFCU has continued to grow and evolve to better serve your needs. Although 2009 was once again a challenging year in the financial world, your credit union had a year marked by growth showing increases in our membership, loans and assets. Additionally, we opened our newest branch located in the Kohls' Shopping Plaza in Nanuet and also added a new service "e-deposit", which allows members to make deposits remotely from their home or any personal computer. In August we had a successful conversion of our credit card program which will allow us to offer a more cost efficient and competitive program to our membership.

We had two very successful community awareness events; the dollar giveaway program in July and the gas giveaway in October. These events along with our participation in numerous community activities continue to build awareness of PFCU in Rockland County. In the spring of 2010, we will be rolling out a new mobile branch which should also continue building awareness of PFCU in Rockland County. I would like to recognize the Management and Staff as I feel they have done an outstanding job navigating us through this extraordinary time.

Our vision is to serve our members' needs for a lifetime. We measure ourselves not only by our balance sheet, but also by our ability to help you achieve your financial goals. That is why, looking ahead in 2010, we have planned a major system upgrade in May that will allow us to continue to provide you with innovative products and services you've asked for. That is also why we provide our members with some of the most affordable loans in our area and attractive rates on certificates. Finally, our communities are the ties that bind us together and as such, we will continue to sponsor various events throughout the upcoming year.

In closing, I'd like to thank you, the members, for your continued loyalty, confidence, and faith in Palisades Federal Credit Union.

James K. Brandt Chairman of the Board

The Supervisory Committee Report

The National Credit Union Association requires that every credit union have a Supervisory Committee. The responsibilities of the committee are far reaching. We ensure that the policies of Palisades Federal Credit Union are carried out by monitoring the operations of the credit union. The committee meets on a monthly basis as a group to discuss current issues and review the financial performance of the credit union. We also ensure that member complaints are investigated in a timely manner.

Individuals on the Supervisory Committee perform various audits during the year to ensure that the staff is complying with state and federal regulations. We keep abreast of changes in regulations and follow up to ensure that the credit union is current with compliance. In addition we investigate any concerns that members or staff bring to our attention.

We hired the firm of Nearman, Maynard and Vallez to perform a certified opinion audit on the financials of the credit union. Our auditors found that the financial assets of our credit union are accurate as stated in our reports. In addition, we hired the CPA firm of Doreen Mayhew to conduct the more complicated internal audits.

In summary, your credit union maintains its historical strong capital position and is continuing to introduce new products and services to serve our members better.

Pamela Wiss Supervisory Committee Chair

Financial Highlights

| | Balance Sheet 12/31/09 | Balance Sheet 12/31/08 |
|-------------------------------|---------------------------|---------------------------|
| ASSETS | | |
| Loans to Members | \$99,861,108 | \$85,400,113 |
| Less Allowance - Loan Loss | (1,207,179) | (853,095) |
| Cash | 649,716 | 706,470 |
| Investments | 59,274,678 | 53,461,251 |
| Land/Building | 364,582 | 377,608 |
| Other Fixed Assets | 1,219,468 | 696,026 |
| Other Assets | 4,350,481 | 4,160,435 |
| TOTAL ASSETS | \$164,512,834 | \$143,948,808 |

| | Balance Sheet 12/31/09 | Balance Sheet 12/31/08 |
|--|---------------------------|---------------------------|
| LIABILITIES & CAPITAL | | |
| Liabilities | \$414,743 | \$291,940 |
| Total Savings | 143,933,961 | 120,208,765 |
| Reserves | 16,500,000 | 16,500,000 |
| Undivided Earnings | 4,260,527 | 7,037,757 |
| Unrealized Gains/(Losses) | (596,397) | (89,654) |
| TOTAL LIABILITIES & CAPITAL | \$164,512,834 | \$143,948,808 |

2009

