



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Parkvale Financial Corporation (PFC - holding) / Parkvale Savings Bank (PSB - subsidiary)

Person to be contacted regarding this report:	Robert J. McCarthy, Jr.
UST Sequence Number:	346
CPP Funds Received:	31,762,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Dec 23, 2008
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	PFC: 1924840 PSB: 249872
Holding Company Docket Number: (For Thrift Holding Companies)	H1236
FDIC Certificate Number: (For Depository Institutions)	0000030237
City:	Monroeville
State:	Pennsylvania

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	While total loans decreased on the balance sheet at December 31, 2009, versus December 31, 2008, loan originations during the year increased by \$7.4 million or 4.5%.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	<ul style="list-style-type: none"> <li>. Residential Mortgage Loans</li> <li>. Commercial Mortgage Loans</li> <li>. Home Equity Lines of Credit</li> </ul>
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Annualized net charge-offs to average loans during the fourth quarter 2009 have increased 100% versus the 2008 period due in part to partial principal forgiveness and/or short sales granted for borrowers experiencing financial hardship in the spirit of the Capital Purchase Program.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	PFC invested \$30,000,000 of the \$31,762,000 received into its subsidiary, Parkvale Savings Bank, as a capital contribution so that the Bank can continue to meet the credit needs of the communities served. PFC retained \$1,762,000 for general corporate purposes.

What actions were you able to avoid because of the capital infusion of CPP funds?

N/A

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

In the spirit of the Capital Purchase Program, Parkvale initiated a "What Can We Do to Keep You in Your Home" program, based upon the FDIC's Loan Modification Program. This program provides assistance to borrowers that have experienced financial hardship and are unable to make mortgage or home equity loan payments on their homes. Based on the specific financial circumstances of borrowers in need of assistance, the Bank may consider temporary interest rate reductions, extending interest only periods, extending loan terms or amortizations, payment capitalization or forbearance and short sales or partial forgiveness of principal. This program is available for loans serviced by Parkvale and Serviced by Others. For the 2009 calendar year, the Bank has modified approximately 169 loans. Management provides monthly reports to the Board of Directors describing the progress of this program.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

N/A

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.