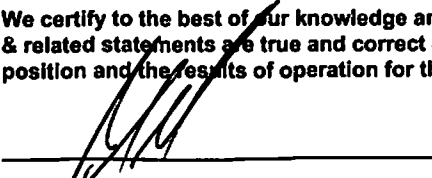



**PENTAGON FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION AS OF December 31, 2014
(DOLLARS IN 000'S)**

ASSETS	<u>2014</u>	<u>2013</u>	LIABILITIES & EQUITY	<u>2014</u>	<u>2013</u>
LOANS (NET)	16,268,809	14,905,466	ACCOUNTS PAYABLE	135,421	136,721
Loans to Members	16,254,845		Drafts Outstanding	5	
Deferred Loan Origination Cost & Fees	58,694		Other Payables	<u>135,416</u>	
Sub-Total	16,313,539		SHARES SUSPENSE	3,783	4,310
Allowance for Loan Losses	<u>(44,730)</u>		TAXES PAYABLE	250	265
LOAN SUSPENSE	1,672	1,945	ACCRUED DIVIDENDS	9,380	10,571
OTHER RECEIVABLES	15,576	24,685	LOANS & INTEREST PAYABLE	1,856,486	1,558,399
NOTES & INTEREST RECEIVABLE	0	0	ACCRUED EXPENSES	33,665	29,724
CASH	312,289	603,818	OTHER LIABILITIES	39,965	21,929
INVESTMENTS	852,542	985,823	UNAPPLIED DP EXCEPTIONS	1,136	3,217
Federal Funds	0		SHARES	13,954,798	13,435,487
Available-for-Sale	754,472		Regular Shares	1,423,640	1,388,034
Non-Marketable Inv	<u>98,070</u>		PenCheck	860,629	820,979
CUSOs - SUBSIDIARY INVESTMENTS	30,706	23,682	MMSA	2,122,256	2,159,047
ACCRUED INCOME	41,624	38,419	Share Certificates	7,108,643	6,573,174
PREPAID & DEFERRED EXPENSES	15,868	11,951	IRA Shares	204,863	194,121
FIXED ASSETS	78,314	66,881	IRA Certificates	2,234,768	2,300,133
Land & Building	34,539		NET WORTH	1,822,357	1,679,447
Branch Improvements	1,829		Regular Reserve	90,900	
Furniture & Office Equipment	2,591		Undivided Earnings	1,593,567	
Computer Equipment	10,530		Net Income	<u>137,889</u>	
Software	<u>28,824</u>		ACCUMULATED OTHER COMPREHENSIVE INC/(LOSS)	(58,415)	(45,155)
OTHER ASSETS	181,426	172,245	Unrealized Invest A-F-S FV	(5,357)	
NCUA-SIF	125,083		Pension Transition FV	<u>(53,058)</u>	
Collateral in Proc of Liquidation (Auto)	362		TOTAL LIABILITIES & EQUITY	<u>17,798,825</u>	<u>16,834,916</u>
Assets Acquired in Liquidation (REO)	5,179				
Other	<u>50,802</u>				
TOTAL ASSETS	<u>17,798,825</u>	<u>16,834,916</u>			
AVG. DAILY BAL. AT THE FED RESERVE	320,016	324,844			
LINES OF CREDIT			We certify to the best of our knowledge and belief, that this statement & related statements are true and correct & present fairly the financial position and the results of operation for the periods covered.		
TCS Commitment	465,588	455,482		PRESIDENT	
TCS Outstanding	79,408	78,828		CHAIRMAN OF THE BOARD	
CREDIT CARDS Commitments	7,270,863	7,069,331			
CREDIT CARDS Outstanding	1,604,895	1,581,990			
ELOC Commitment	1,740,054	1,569,342			
ELOC Outstanding	759,749	720,415			
MARKET VALUE OF INVESTMENTS H-T-M	0	0			
AMORTIZED COST OF INVESTMENTS A-F-S	759,829	905,717			
SUBJECT TO AUDIT AND ADJUSTMENTS					

PENTAGON FEDERAL CREDIT UNION
COMPARATIVE STATEMENT OF INCOME AND EXPENSE
For The Period Ended December 31, 2014
(DOLLARS IN 000'S)

	CURRENT MONTH			YEAR TO DATE		
	-----ACTUAL-----	-----BUDGET-----	-VARIANCE-	-----ACTUAL-----	-----BUDGET-----	-VARIANCE-
	\$	%	\$	%	\$	%
INTEREST INCOME:						
Interest on Loans	48,312	96.77	51,414	98.13	558,614	96.47
Interest on Investments	1,614	3.23	980	1.87	20,431	3.53
TOTAL	49,926	100.00	52,394	100.00	579,045	100.00
INTEREST EXPENSE:						
Members' Accounts	18,390	36.83	18,468	35.25	223,920	38.67
Borrowed Funds	4,620	9.25	4,424	8.44	53,932	9.31
TOTAL	23,010	46.09	22,892	43.69	277,851	47.98
NET INTEREST INCOME	26,916	53.91	29,502	56.31	301,194	52.02
Provision for Loan Losses	1,486	2.98	3,900	7.44	39,974	6.90
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS	25,430	50.94	25,602	48.86	261,219	45.11
OTHER OPERATING INCOME:						
CUSO's - Subsidiary Income	351	0.70	548	1.05	2,551	0.44
Fees & Charges	1,554	3.11	1,710	3.26	20,758	3.58
Interchange Fees	2,497	5.00	2,703	5.16	26,285	4.54
Misc Operating Income	4,895	9.80	2,287	4.37	23,699	4.09
TOTAL	9,297	18.62	7,248	13.83	73,293	12.66
OPERATING EXPENSE:						
Compensation	7,863	15.75	6,041	11.53	74,390	12.85
Employee Benefits	2,637	5.28	1,726	3.29	25,176	4.35
Travel & Conference	171	0.34	65	0.12	1,515	0.26
Office Occupancy	509	1.02	440	0.84	6,084	1.05
Office Operations	2,521	5.05	2,331	4.45	29,350	5.07
Education & Promotion	752	1.51	862	1.65	16,258	2.81
Loan Servicing	3,285	6.58	3,439	6.56	45,645	7.88
Prof & Outside Services	375	0.75	429	0.82	6,397	1.10
NCUA Operating Fee	49	0.10	57	0.11	583	0.10
Cash Over & Short	1	0.00	0	0.00	0	0.00
Other Operating Exp	154	0.31	(1,056)	-2.01	(7,245)	-1.25
TOTAL	18,315	36.68	14,334	27.36	198,154	34.22
OPERATING INCOME	16,412	32.87	18,516	35.34	136,358	23.55
Total Non-Operating Inc/(Exp)	393	0.79	(6)	-0.01	1,531	0.26
NET INCOME	16,805	32.09	18,510	35.35	137,889	23.28

**PENTAGON FEDERAL CREDIT UNION
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDING DECEMBER 31, 2014
(DOLLARS IN 000'S)**

	FOURTH QUARTER 2014	YEAR TO DATE
REGULAR RESERVE		
Balance at the Beginning of the Period	90,900	90,900
Add:		
Mergers Adjustments	0	0
Deduct:		
None	0	0
	0	0
Balance at the End of the Period	90,900	90,900
UNDIVIDED EARNINGS		
Balance at the Beginning of the Period	1,688,362	1,588,547
Additions:		
Net Income(Loss) After Dividends & Interest on Deposits	43,095	137,889
FAS 156 / ASC-860 - MSR FV	0	5,021
Total Additions	43,095	142,910
Deductions:		
	0	0
Total Deductions	0	0
Balance at the End of the Period	1,731,457	1,731,457
ACCUM OTHER COMPREHENSIVE INCOME/(LOSS)		
Balance at the Beginning of the Period	(45,244)	(45,155)
Net Change Unrealized Invest A-F-S FV	2,834	2,745
Net Change in Pension Transition FV	(16,005)	(16,005)
Balance at the End of the Period	(58,415)	(58,415)
TOTAL EQUITY	1,763,942	1,763,942