

2010

ANNUAL REPORT



1876



1929



2010

INDEPENDENCE. STABILITY. VISION.

WE BELIEVE OUR FUTURE IS BRIGHT



INDEPENDENCE. STABILITY. VISION.

WE BELIEVE OUR FUTURE IS BRIGHT

WE BELIEVE IN OUR INDEPENDENCE

Our purpose and philosophy is to be a strong, influential leader in the markets we choose to serve. We will provide financial solutions to individuals, businesses and nonprofit organizations; maintain an active role in our communities; and build loyal relationships with our customers and employees so that a fair profit is provided for both the corporation and our shareholders.

MISSION STATEMENT

WE BELIEVE IN OUR STABILITY

Tradition • Integrity • Excellence • Community • Spirituality

CORE VALUES

WE BELIEVE IN OUR VISION

“To be the best integrated financial solutions provider in the market.”

VISION STATEMENT

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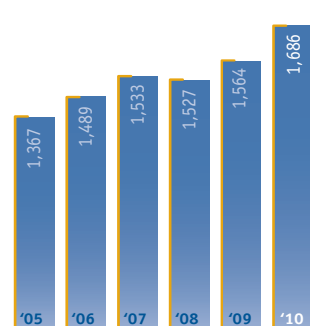
2010 FINANCIAL PERFORMANCE

At December 31, (in Thousands)

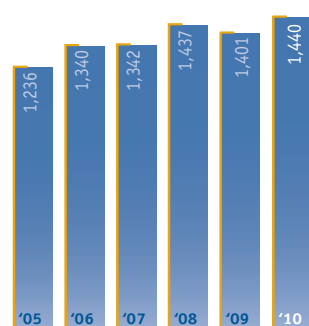
	2010	2009
Cash, interest-earning deposits and federal funds sold.....	\$ 29,187	\$ 68,597
Investment securities.....	467,024	420,045
Net loans and leases.....	1,440,288	1,401,182
Other assets.....	197,394	195,597
Total assets.....	\$ 2,133,893	\$ 2,085,421
Deposits.....	\$ 1,686,270	\$ 1,564,257
Borrowings.....	143,865	214,063
Other liabilities.....	37,534	39,294
Liabilities.....	1,867,669	1,817,614
Shareholders' equity.....	266,224	267,807
Total liabilities and shareholders' equity.....	\$ 2,133,893	\$ 2,085,421

For the years ended December 31, (in Thousands, Except Share and Per Share Data)

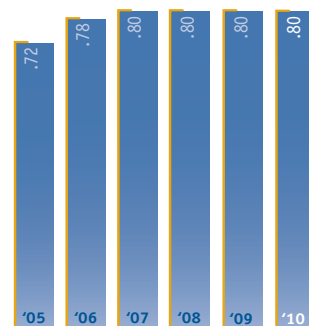
	2010	2009	2008
Interest income.....	\$ 91,003	\$ 96,359	\$ 108,057
Interest expense.....	17,469	28,723	42,310
Net interest income.....	73,534	67,636	65,747
Provision for loan and lease losses.....	21,565	20,886	8,769
Net interest income after provision for loan and lease losses.....	51,969	46,750	56,978
Noninterest income.....	34,418	29,917	26,615
Noninterest expense.....	67,349	65,324	57,225
Net income before income taxes.....	19,038	11,343	26,368
Applicable income taxes.....	3,282	563	5,778
Net income.....	\$ 15,756	\$ 10,780	\$ 20,590
Book value per share.....	\$ 15.99	\$ 16.27	\$ 15.71
Net income per share:			
Basic.....	0.95	0.75	1.60
Diluted.....	0.95	0.75	1.60
Dividends declared per share.....	0.80	0.80	0.80
Weighted average shares outstanding.....	16,598,284	14,347,104	12,872,899
Period end shares outstanding.....	16,648,303	16,465,083	12,938,514



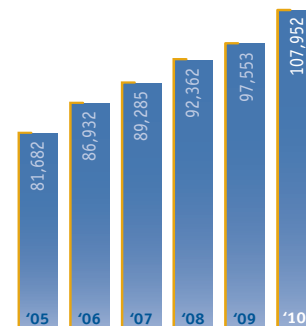
Total Deposits
(IN MILLIONS)



Net Loans and Leases
(IN MILLIONS)



Dividends Declared
(PER SHARE)



Total Revenue
(IN THOUSANDS)

TO OUR FAMILY OF EMPLOYEES, CUSTOMERS AND SHAREHOLDERS



"As local competitors were bought and sold and others made headlines for financial struggles, we experienced a flight to quality and interest in choosing Univest, a well-respected local partner."

We often speak of the Univest family and our unique culture which differentiates us from our competition. Like most families, this past year we celebrated achievements and overcame challenges. We worked hard to offer the best integrated financial solutions to meet the needs of our employees, customers, shareholders and communities. With our mission, core values and vision guiding our focused and disciplined business approach, we achieved another year of stable growth for the Corporation.

Univest's performance was favorable compared to our peers and to the industry overall. We welcomed many new customers eager to find a financial partner offering stability and confidence in the future. For the year ended December 31, 2010, Univest reported net income of \$15.8 million compared to \$10.8 million for 2009. Univest shared this success with our shareholders through consistent quarterly dividends.

Our achievements speak to the daily contributions made by our employees who once again voted Univest a *Best Place to Work in Pennsylvania*. Our results also reflect our heightened focus on providing integrated financial solutions. We realize, especially during challenging economic times, the value our diverse mix of financial solutions brings to our business and our customers. Not only does the successful implementation

of our integrated strategy help reduce our reliance on net interest income, but it enables customers – who trust us – to expand their relationship with Univest.

As local competitors were bought and sold and others made headlines for financial struggles, we experienced a flight to quality and interest in choosing Univest, a well-respected local partner. We were poised to respond to the market disruption as a result of investing in the Univest brand and new, experienced employees. Our success was proven by our ability to grow in our newer markets and newer lines of business. We continued providing credit to qualified borrowers and increased our gross loans and leases by \$45.2 million. We also recorded significant growth of \$122 million in deposits year over year.

Our respectable growth this past year was accomplished while also supporting our local communities. We pride ourselves on being actively involved in the communities we serve and uphold our reputation of being a good corporate citizen through financial contributions and volunteer efforts. Employees were engaged in various service initiatives to make a difference and personally made record-setting contributions to our annual United Way Campaign. As a Corporation, we supported our employees' efforts while also making it possible for many nonprofit organizations to meet growing client demands.

“Univest has always looked ahead with optimism because no matter what economic, regulatory and business conditions we have faced over the past 134 years, we have shown our resilience. We’re proud of our accomplishments and ability to overcome the challenges facing our nation, our industry and our communities.”

The ongoing challenges in the economy coupled with rising bank failures – 157 in 2010 – encouraged the federal government to continue its increased oversight. While many were surprised to see this occur in 2009 when the federal government intervened by offering bailout support to many institutions, the industry certainly did not anticipate the extreme steps our government took in 2010 to rebuild the economy and industry through regulatory changes. These changes, while not completely outlined, will undoubtedly transform the banking industry and redefine expectations for earnings performance. We believe stable companies like Univest Corporation – which has remained independent – and has a history of operating with prudent business practices, solid capital and a disciplined focus on short-term and long-term strategies will succeed and emerge as leaders.

Two of our great leaders Thomas K. Leidy and John U. Young retired from the Board of Directors in 2010 after 26 years and 21 years of service, respectively. Their loyalty and strategic contributions helped Univest grow and evolve into a strong, stable organization. I want to take this opportunity to recognize and thank them for their dedicated service to Univest and our community.

Univest has always looked ahead with optimism because no matter what economic, regulatory and business conditions we have faced over the past 134 years, we have shown our resilience. We’re proud of our accomplishments and ability to overcome the challenges facing our nation, our industry and our communities. We know Univest is operating from a position of strength and therefore believe our future is bright. On behalf of the entire Univest family, we want to thank you for your continued support and investment.

Sincerely,



William S. Aichele
Chairman, President and Chief Executive Officer

January 31, 2011

INDEPENDENCE. STABILITY. VISION.

WE BELIEVE OUR FUTURE IS BRIGHT

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The financial services industry experienced another challenging year in 2010 marked by the prolonged tough economic environment and a new era of regulatory reform. Many uncertainties remain as the economic crisis – which according to economists began in 2008 – slowly shows signs of recovery. While many banks concentrated on rebuilding their business and regaining their independence, Univest Corporation approached 2010 with confidence in a focused and disciplined business model which has served us well since 1876. Our sustainable approach enabled us to operate from a position of strength, maintaining our independence, demonstrating our stability and executing our organizational vision. We believe the road to recovery will be slow, but are confident it will also provide new opportunities to fuel our short-term and long-term strategies for the benefit of our employees, customers, shareholders and communities. As we reflect on our 2010 performance and highlights, we realize the value of our prudent philosophy and believe a bright future lies ahead.

2010 HIGHLIGHTS: Continuing T

We carried out our tradition of delivering steady and stable growth for our shareholders and the Corporation, which once again showed our ability to lead during challenging times. This was validated by favorable performance in comparison to our peer group and across the industry. We were able to do this while sharing our success with our shareholders through consistent quarterly dividends, our employees through fair salaries and benefits, our customers through new convenient solutions and our communities through financial and volunteer support.

In 2010, we built upon the momentum created in 2009 by investing once again in the Univest brand to raise awareness and position ourselves to seize market share. As the market experienced intense disruption, we positioned Univest as the strong, stable and local choice. The "Believe in the Power of Local" messaging was executed through a variety of campaigns including outdoor, radio, online, event-based and print advertising. Our brand efforts attracted new customers and built loyalty with existing customers.

Traditions and Investing in our Future

The strength of our business coupled with our solid capital position allowed Univest to operate from an offensive position. We sought opportunities to welcome new customers while also devoting ourselves to strengthening customer experiences. In 2010, many customers needed us to listen. Listen to their business hardships, new visions or uncertainties about personally investing and re-entering the markets. And in each case, we were there for them as a trusted partner. This speaks to our long-term strategy to provide consultative and differentiated service to our customers through good and difficult times – an approach which we believe is the key to a bright future.

Second to a solid capital position, consumer deposits became the lifeblood for the banking industry during the prolonged economic downturn. Univest's significant growth in local deposits led to increases in Univest's market share and also fueled opportunities to reposition the balance sheet. As of December 31, we replaced all but \$5 million of our maturing Federal Home Loan Bank (FHLB) borrowings with core deposits, contributing to improvements in our net interest income and net interest margin.

With heightened disruption in the marketplace, increasing deposits and a new regulatory environment approaching, it became apparent it was time to invest in an experienced leader to focus solely

on our consumer segment. In May, Louis P. Spinelli was appointed executive vice president and director of consumer strategy and delivery. Mr. Spinelli assumed responsibility for our 32 financial service centers and 12 retirement community centers, e-commerce and the Univest Service Center. We believe these changes speak to our commitment to strengthen the focus on the consumer business while actively seeking ways to connect customers with other Univest experts and financial solutions across our integrated platform.

During the year, we opened two new office locations in core markets by repositioning to higher traffic sites for improved accessibility and visibility.



As we celebrated the grand opening of the first LEED Certified financial service center in Hilltown, Bucks County, we reflected on Univest's core values. These core values are prominently displayed in each of our newer offices.

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Our Hilltown Financial Service Center, the first LEED Certified facility for Univest and for Hilltown Township, celebrated its Grand Opening on April 9. We also celebrated the Grand Opening of our Lansdale Area Financial Service Center on October 1. This new office conveniently services the communities of Hatfield, Lansdale and Towamencin townships in Montgomery County. Following the opening of this environmentally-friendly facility, Univest received the Hatfield Township Green Award in January, 2011. We were pleased to provide these new facilities to enhance employee and customer experiences and demonstrate our long-term commitment to these communities.

In addition to repositioned financial service centers, we bolstered our online

suite of financial solutions with new features and mobile functionality. Univest's capabilities now include providing customers with the convenience of opening accounts, applying for loans, transacting business and staying on top of their bank accounts from their home, office or on their mobile phone. Customers can also utilize value-added services including daily e-mail alerts and person-to-person funds transfers. We believe innovation in technology helps to level the competitive field with larger banks and offers an advantage over community banks.

INTEGRATION: Steady Progress and Long-Term Stability

After ten years of development and various efforts to integrate new companies and employees into Univest,

we are confident the foundation and the behaviors around integration are in place. Customers are experiencing the convenience and benefits of the full suite of integrated financial services. At the same time, employees are well-versed in talking about our capabilities and are increasing referrals to non-traditional lines of business. While this is still an area ripe with opportunity, we believe Univest and our employees are poised to increase our integration achievements in the coming years. As we continue to progress towards our Vision – *to be the best integrated financial solutions provider in the market* – Univest will gain greater financial stability for the Corporation.

Univest Investments, Inc. was one area in particular with solid growth and performance in part due to increased



Executive management, Township representatives, local leaders and elected officials came together for the ribbon-cutting ceremony at the Lansdale Area Financial Service Center, serving the communities of Hatfield, Lansdale and Towamencin.

referral activity and strong sales conversion results. The low interest rate environment coupled with a rebound in the stock market fueled customer inquiries with our consumer banking team, who encouraged them to meet with our financial advisors to learn more about our capabilities. A renewed interest to invest in the stock market led to our investments area achieving a record \$750 million in brokerage assets under supervision as of December 31, 2010.

Another area reaching a significant milestone was our mortgage banking department – achieving over \$200 million in mortgage originations during the year. This accomplishment was due to the success of our expanding team of experienced mortgage representatives and our diverse suite of mortgage solutions. This rapid growth would not have been possible without the support the mortgage team received from the operations center. In 2010, support employees in this area increased productivity levels while also managing an upgrade to our back-end systems to ensure we continue to operate with optimal efficiencies.

The growth in our integrated platform has not happened overnight, and as we continue growing in our market area and capabilities, we need to acknowledge the additional work this creates for our

support teams. In 2010, our support departments contributed to our overall success in many new ways. In addition to carrying out their day-to-day responsibilities, many more were fully-engaged in our integration efforts to generate new business referrals. Building upon the integration successes of 2010 will strengthen our ability even more to navigate these challenging times.

THE DAWN OF A NEW ERA:

Regulatory Reform

As Americans began to see signs of a slow economic turnaround, the Federal government announced a new wave of regulations for the financial industry. Financial Reform was signed into law on July 21, shortly after Healthcare Reform was made law on March 24. While many unknowns still surround both pieces of legislation, it is clear significant change lies ahead for financial institutions and the customers we serve.

At Univest, we took proactive measures to prepare for the new era in regulatory reform. We established an enterprise-wide risk management team focused on identifying organizational risks including liquidity, operational and reputational. It is our goal to better align our risk taking and likely earnings volatility to investor expectations while complying with these new requirements.

“In addition to repositioned financial service centers, we bolstered our online suite of financial solutions with new features and mobile functionality. Univest’s capabilities now include providing customers with the convenience of opening accounts, applying for loans, transacting business and staying on top of their bank accounts from their home, office or on their mobile phone.”

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The economic climate and changes in regulatory requirements posed challenges for Univest and our industry. On August 15, 2010, amendments to the Electronic Funds Transfer Act (Regulation E) requiring customers to opt-in for overdraft protection on debit card and point of sale transactions were implemented. These amendments contributed to a decline in service charges on deposit accounts.

Many additional regulatory changes lie ahead for the financial industry with the Dodd-Frank Wall Street Reform and Consumer Act and Basel III to name a few. While the new requirements are not known, we believe you'll find comfort in knowing Univest is actively working on ways to minimize the impact for our employees, customers, shareholders and communities.

LOYAL EMPLOYEES: Leadership and Service at Work and In the Community

Univest's employees are the Corporation's most important ambassadors – the faces our customers and communities come to know and trust and the hands doing the Corporation's work. Day in and day out, our employees make Univest's belief in our communities come to life. Univest nourishes employee experiences

by believing in them; providing a stable and safe work environment; compensating fairly; and encouraging and fostering career growth.

Our investment in our employees and the culture we create together is something special. As we've grown and attracted new talent, we have worked hard to sustain our culture by training employees at every level across the organization to enhance their ability to succeed, carry out our mission and core values and focus their efforts on achieving our vision. Our success in 2010 was a result of our combined efforts and our disciplined approach to managing the business with a balanced focus on the needs of our employees, customers, shareholders and communities.

In these challenging economic times, it is encouraging to have a talented, motivated and engaged workforce supporting our business approach. Attracting top talent across the industry has been made easier with our consistent recognition as a best place to work. For the fifth consecutive year, Univest earned a spot on the *Best Places to Work in Pennsylvania* list – ranking among the state's 20 best large companies. This achievement is a reflection of our culture of excellence

and the quality experience we strive for with all employees in the organization. In addition to the best places to work honor, the *Philadelphia Business Journal* recognized Univest as one of the healthiest places to work and one of the top philanthropic companies locally.

Being a socially responsible company and giving back to the communities we serve remains a core value for Univest. In 2010, amidst this challenging economic environment, we clearly demonstrated this value through our financial support of more than 340 nonprofit organizations. Additionally, our employees served in hundreds of volunteer positions with local organizations, totaling more than 11,000 hours. Univest's employees also showed their strong support of our communities and the well-being of our neighbors through our annual United Way campaign. Our employees contributed record-setting financial support of more than \$100,000.

In addition to volunteering time and supporting our communities financially, we continued our tradition of bringing the excitement of international bike racing to the region. The Univest Grand Prix unveiled a dynamic, new race course in

Souderton. Though the Univest Grand Prix has become the most prestigious UCI Pro/Am road race in the United States, Univest never lost sight of the event's role in helping to build our communities. The two-day event continued on Sunday with the 7th annual running of the Univest Grand Prix Doylestown Criterium.

Our cycling enthusiasm grew this year into new markets as we partnered for the first time with the Valley Preferred Cycling Center in Allentown. With this being the newest service area for Univest, our partnership elevated recognition of our brand awareness throughout the Lehigh Valley. In Chester County, Univest continued its support of the annual Iron Hill Twilight Criterium reinforcing our presence in this newer market.

LOOKING AHEAD

While we know Univest and the industry will face unprecedented times with the challenging economic climate and ever-changing regulatory environment, we remain confident. Our focused and prudent approach to business has been at the core of Univest's success for 134 years – and will continue to be in the future. We are well-capitalized and, in turn, well-positioned to remain independent and control our own destiny. We believe Univest has a bright future – providing for you, our valued shareholders, an investment you can rely on and a company of which you can be proud.

The employees of Univest thank you for your ongoing support and loyalty.

"Our success in 2010 was a result of our combined efforts and our disciplined approach to managing the business with a balanced focus on the needs of our employees, customers, shareholders and communities."



Employees carry out Univest's Community Core Value in many ways. In September, we supported the United Way's "Days of Caring" with 40 employees helping area nonprofits.



Employees partnered with the American Bankers Association during Teach Children to Save Day. Over 300 students in Bucks and Montgomery counties were taught the importance of being financially responsible.

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UNIVEST CORPORATION OF PENNSYLVANIA

EXECUTIVE MANAGEMENT TEAM

William S. Aichele, Chairman,
President and Chief Executive Officer

K. Leon Moyer, Vice Chairman

Jeffrey M. Schweitzer, Senior Executive Vice President
and Chief Financial Officer

Kenneth D. Hochstetler, Senior Executive Vice President

Duane J. Brobst, Executive Vice President and Chief Risk Officer

Louis P. Spinelli, Executive Vice President and
Director of Consumer Strategy and Delivery

Annette D. Szygiel, Executive Vice President
and Chief Experience Officer

OTHER WHOLLY-OWNED SUBSIDIARIES

Allied Benefits Group, LLC

Delview, Inc.

TCG Investment Advisory, Inc.

Univest Capital Trust I

Univest Delaware, Inc.

Univest Reinsurance Corporation

UNIVEST NATIONAL BANK AND TRUST CO.

EXECUTIVE MANAGEMENT TEAM

William S. Aichele, Chairman

K. Leon Moyer, President and Chief Executive Officer

Jeffrey M. Schweitzer, Senior Executive Vice President
and Chief Financial Officer

Kenneth D. Hochstetler, Senior Executive Vice President

Duane J. Brobst, Executive Vice President and Chief Risk Officer

Philip C. Jackson, Market President, Montgomery County
and Lehigh Valley

Kenneth L. Keller, Market President, Bucks County

Louis P. Spinelli, Executive Vice President
and Director of Consumer Strategy and Delivery

UNIVEST INVESTMENTS, INC.

William S. Aichele, Chairman

Kenneth D. Hochstetler, President

Jeffrey M. Schweitzer, Secretary/Treasurer

UNIVEST INSURANCE, INC.

William S. Aichele, Chairman

Kenneth D. Hochstetler, President

Jeffrey M. Schweitzer, Secretary/Treasurer

UNIVEST CAPITAL, INC. (SUBSIDIARY OF UNIVEST NATIONAL BANK AND TRUST CO.)

Hugh W. Connelly, President

Jeffrey M. Schweitzer, Secretary/Treasurer

Please visit univest.net for a complete list of locations for Univest Corporation and our subsidiaries.

UNIVEST CORPORATION OF PENNSYLVANIA

BOARD OF DIRECTORS

William S. Aichele *†

Chairman, President and Chief Executive Officer,
Univest Corporation of Pennsylvania; and Chairman,
Univest National Bank and Trust Co.

Marvin A. Anders *†

Retired Chairman, Univest Corporation of Pennsylvania; and
Retired Chairman, Univest National Bank and Trust Co.

Douglas C. Clemens °

President, Clemens Food Group

R. Lee Delp *

Principal, R.L. Delp Company

Charles H. Hoeflich *†

Chairman Emeritus, Univest Corporation of Pennsylvania

H. Paul Lewis *

Vice President/Sales Agent, Bucks County Commercial Realty, Inc.
Retired Executive Vice President,
Univest National Bank and Trust Co.

H. Ray Mininger *

Vice President and Secretary,
H. Mininger and Son, Inc.

William G. Morral, CPA *

Accounting and Financial Consultant,
Former CFO, Moyer Packing Company

K. Leon Moyer †°

Vice Chairman,
Univest Corporation of Pennsylvania; and
President and Chief Executive Officer
Univest National Bank and Trust Co.

Mark A. Schlosser *

Secretary and Treasurer, Schlosser Steel, Inc.

Paul Gregory Shelly *†

President, Shelly Enterprises, Inc.

Margaret K. Zook °

MK Consulting and Coaching
Retired Executive Director, Souderton Mennonite Homes

** Director of Univest Corporation of Pennsylvania
† Director of Univest National Bank and Trust Co.
° Alternate Director of Univest Corporation of Pennsylvania*



The 13th annual Univest Grand Prix was a day of celebration in our local communities. Spectators, sponsors and customers came together to enjoy the festivities and cheer on the professional riders in both Souderton and Doylestown.

SHAREHOLDER INFORMATION

Shareholders' Meeting

The Annual Shareholders' Meeting will take place at 10:45 a.m., Tuesday, April 19, 2011, in the Board Room at Univest Plaza, 14 North Main Street, Souderton, Pennsylvania

Univest Stock Transfer Agent

For more information on Univest Corporation of Pennsylvania common stock, please call StockTrans, Inc., at 610.649.7300 or contact them at 44 West Lancaster Avenue, Ardmore, PA 19003. You may also click on our investor relations link at www.univest.net

Univest Shareholder Information Hotline

For more information on Univest Corporation of Pennsylvania, please call 877.723.5571 or 215.721.2434

Common Stock Information

Traded on the NASDAQ Global Select Market, Symbol: UVSP

Market Makers for Univest Corporation of Pennsylvania Common Stock

Boenning & Scattergood, Inc.

Goldman, Sachs & Co.

Janney Montgomery Scott LLC

Keefe Bruyette & Woods, Inc.

Morgan Stanley & Co., Inc.

UBS Securities LLC

BEST PLACES to work in **PA** 2010

Rated #16 by our Employees



Most Charitable Givers
#3 Philanthropic Donor
#3 In-Kind-Donor



Rated #3 Gold Category



4-Star Rating, 1st and 2nd Quarters
5-Star Rating, 3rd and 4th Quarters

"He gives strength to the weary and increases the power of the weak...but those who hope in the Lord will renew their strength. They will soar like eagles; they will run and not grow weary, they will walk and not faint."

– Isaiah 40:29, 31

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Univest Plaza • 14 North Main Street • P.O. Box 64197 • Souderton, PA 18964
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