



July 29, 2010

Strong Core Performance and Improving Asset Quality

In the second quarter we continued our forward momentum and took proactive steps to strengthen our core business. We also achieved some very positive results, including:

- **Improved** asset quality with a decline in classified and non-performing loans and a reduction in our loan loss provision and charge-offs.
- **Improved** capital ratios.
- **Controlled** operating expenses.
- **Continued** disciplined approach to lending and asset generation.
- **Growth** of average checking and savings accounts/core deposits.
- **Continued** steady fee income.

Our core business continues to improve and we were pleased to report adjusted net income of \$9.8 million or \$0.08 per diluted common share compared to adjusted net income of \$4.0 million or \$0.03 per diluted common share for the first quarter of 2010.

Despite the positive results, second quarter net income included the impact of one time charges that we reported to you in June. These relate to the pending sale of Christiana Bank and Trust Company and the redemption of separate account bank-owned life insurance (BOLI). These transactions, which are in line with National Penn's strategy of effectively managing its balance sheet, resulted in a second quarter loss of \$0.04 per share.

Moving forward, we will remain focused on strong fundamental performance, improving asset quality, and the further strengthening of our balance sheet and regulatory capital levels. We are confident about the progress we've made so far and feel confident about our future as we continue to progress toward sustainable company growth.